



April 22, 2013

To Whom It May Concern

Company Name: Universal Entertainment Corporation
Representative: Jun Fujimoto
Representative Director and President

(JASDAQ code: 6425)

Contact: Nobuyuki Horiuchi, Assistant General
Manager, PR & IR Office

TEL: +81-3-5530-3055 (switchboard)

**INDEPENDENT REVIEW FINDS THE FREEH REPORT ON ALLEGATIONS
AGAINST KAZUO OKADA “DEEPLY FLAWED”**

***Michael Chertoff, Former Homeland Security Secretary, Says Louis Freeh Report’s
Legal Analysis is “Superficial and Inflammatory” and its Conclusions “Not Credible”***

April 22, 2013 – Universal Entertainment Corporation announced today that Judge Michael Chertoff, the former U.S. Department of Homeland Security Secretary, has issued an assessment castigating last year’s report by Former FBI Director Louis J. Freeh concerning the affairs of Japanese gaming entrepreneur Kazuo Okada and his affiliated companies. According to Judge Chertoff, the Freeh report was “structurally deficient, one-sided, and seemingly advocacy-driven.” Moreover, its conclusions, “simply are not credible.” Instead, Judge Chertoff found Freeh’s report to be “deeply flawed” and “lack[ing] basic indicia of a credible investigation.”

Freeh’s report was prepared on February 18, 2012 at the behest of Wynn Resorts, Limited (NASDAQ: WYNN). At the direction of Steve Wynn, Wynn Resorts turned around and used the report that same day to rationalize the forcible redemption of 24,549,222 shares of Wynn Resorts held by Aruze USA, Inc., a company whose ultimate majority owner is Mr. Okada. At the time, Aruze USA was the largest single shareholder in Wynn Resorts, owning close to 20% of Wynn Resorts’ outstanding stock.

Although Aruze USA’s shareholdings had a market value of at least 2.7 billion U.S. dollars at the time, Wynn Resorts provided Aruze USA with just a non-transferrable, fully subordinated, \$1.9 billion, ten-year note in exchange. Wynn Resorts’ stock price rose \$6.71, or 5.9%, per share the next day, providing tremendous financial gains to Steve Wynn and the other Wynn Resorts Directors who had just stripped Aruze USA of its shareholdings based on the Freeh report.

Judge Chertoff has now found that the Freeh report's conclusions were "based on an incomplete legal analysis; a failure to collect evidence concerning most of the allegations; a disregard of evidence tending to undermine [Freeh's] assumptions; and a failure to investigate plausible alternate explanations."

In addition to serving as Homeland Security Secretary, Judge Chertoff has also served as a judge on the U.S. Court of Appeals for the Third Circuit, Assistant Attorney General in charge of the Criminal Division at the U.S. Department of Justice, and U.S. Attorney for New Jersey. In making his assessment, Judge Chertoff reviewed the entirety of the Freeh report, including all of the investigatory material referenced by Freeh in his report's appendices, and found the Freeh investigation "deeply flawed."

The Freeh report's "factual findings and inferences lack objectivity and lack factual support," Judge Chertoff explained. Freeh's law firm "viewed itself as an advocate first and an impartial investigator second" in preparing the Freeh report. Freeh and his colleagues "cherry-picked evidence and stretched to reach conclusions that would be helpful to the Wynn Resorts Board."

"[T]he end result is a lopsided report that lacks even the appearance of objectivity," according to Judge Chertoff.

Judge Chertoff prepared his assessment of the Freeh report with assistance from his law firm, Covington & Burling LLP, where he has served as Senior of Counsel since 2009. In particular, Judge Chertoff was supported by Steven Fagell, who is co-chair of the Covington & Burling's Global Anti-Corruption practice group.

In a summary of the analysis released today, Judge Chertoff and his team explained that the Freeh report failed to adequately support its conclusions and did not meet the basic requirements of a thorough, objective and credible investigation. Specifically, Judge Chertoff and his colleagues found:

- The Freeh report was tainted by the timing and circumstances of its creation because the Wynn Board moved within days to act on its content and redeem Aruze USA's 20 percent stake in the company without providing him the opportunity to respond to its allegations;
- The Freeh report's factual findings and inferences lacked objectivity and factual support;
- The Freeh report was "based on unreliable accounts of interested witnesses and implausible inferences";
- The Freeh report's legal analysis was superficial and inflammatory; and
- Freeh's investigative process was insufficiently documented and revealed a number of gaps.

Among other findings, Judge Chertoff and his team concluded that the Freeh report treated Mr. Okada dismissively by “relegating [Mr. Okada’s] interview to an afterthought, making a sweeping and largely unexplained credibility determination against him, and neglecting to follow up on objectively verifiable claims that might support his account.”

Statement from Kazuo Okada

In response to the independent analysis provided by Judge Chertoff, Universal Entertainment founder and Chairman Kazuo Okada said, “This confirms what I have maintained since the day the Freeh report was issued and the Wynn Board moved to strip us of our stake in a company we helped found – that the Freeh report was prepared carelessly and improperly, and contains a number of clear errors. It’s obvious that this biased report was part of Steve Wynn’s campaign to eliminate me as a rival to his power within Wynn Resorts. Unfortunately, this flawed and biased report has created widespread misunderstanding, including among the media, and has resulted in negative reporting and an incorrect and negative perception of our company. I am very pleased that Judge Chertoff’s report will help us set the record straight regarding the Freeh report.”

According to the summary, the Freeh report’s most significant shortcomings include:

- Timing that implies that Wynn Resorts commissioned the report for a clear purpose: to justify ousting Mr. Okada from the Board and redeeming Aruze USA’s 20 percent stake in the company at a substantial discount;
- Consistently pairing grave and far-reaching conclusions with scant and unreliable supporting evidence and incomplete investigation and analysis, including broadly alleging a “practice and pattern” of Foreign Corrupt Practices Act (FCPA) violations without sufficient detail to meaningfully evaluate these incidents;
- Reaching legal conclusions through deficient legal analysis, including asserting a bad faith, possibly criminal violation of Philippine law while ignoring key aspects of the legal analysis Wynn Resorts commissioned from a local law firm; and,
- Failing to provide any meaningful explanation of its process and citing documents that are of dubious provenance or otherwise unreliable, as well as relying on potentially biased interviewees.

Judge Chertoff also noted that even Mr. Freeh likened his report to a “brief” – i.e., an advocacy piece, not an objective document that is intended to impartially present the facts.