LAS VEGAS SANDS CORP
Form 10-Q
November 09, 2010

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UNITED STATES SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

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

For the quarterly period ended September 30, 2010

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

For the transition period from __________ to __________

Commission file number 001-32373

LAS VEGAS SANDS CORP.

(Exact name of registration as specified in its charter)

Nevada	**27-0099920**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
3355 Las Vegas Boulevard South Las Vegas, Nevada	**89109**
(Address of principal executive offices)	*(Zip Code)*

(702) 414-1000

(Registrant s telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

Indicate the number of shares outstanding of each of the Registrant s classes of common stock, as of the latest practicable date.

Class	**Outstanding at November 4, 2010**
Common Stock ($0.001 par value)	684,730,086 shares

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
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ITEM 1 ***FINANCIAL STATEMENTS***

LAS VEGAS SANDS CORP. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	September 30, 2010	December 31, 2009
	(In thousands, except share and per share data) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,394,712	$ 4,955,416
Restricted cash	203,687	118,641
Accounts receivable, net	618,998	460,766
Inventories	27,751	27,073
Deferred income taxes, net	26,931	26,442
Prepaid expenses and other	41,481	35,336
Total current assets	3,313,560	5,623,674
Property and equipment, net	14,471,865	13,351,271
Deferred financing costs, net	166,316	138,454
Restricted cash	756,059	
Deferred income taxes, net	16,855	22,219
Leasehold interests in land, net	1,251,547	1,209,820
Intangible assets, net	91,735	50,129
Other assets, net	180,060	176,539
Total assets	$ 20,247,997	$ 20,572,106
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 101,163	$ 82,695
Construction payables	571,197	778,771
Accrued interest payable	15,017	18,332
Other accrued liabilities	1,048,075	786,192
Income taxes payable	8,051	
Current maturities of long-term debt	572,458	173,315
Total current liabilities	2,315,961	1,839,305
Other long-term liabilities	74,260	81,959
Deferred income taxes	44,762	
Deferred proceeds from sale of The Shoppes at The Palazzo	243,928	243,928
Deferred gain on sale of The Grand Canal Shoppes	51,674	54,272
Deferred rent from mall transactions	147,802	149,074
Long-term debt	9,567,391	10,852,147
Total liabilities	12,445,778	13,220,685
	480,242	410,834

Preferred stock, $0.001 par value, issued to Principal Stockholder s family, 5,250,000 shares issued and outstanding, after allocation of fair value of attached warrants, aggregate redemption/liquidation value of $577,500				
Commitments and contingencies (Note 10)				
Equity:				
Preferred stock, $0.001 par value, 50,000,000 shares authorized, 4,089,923 and 4,089,999 shares issued and outstanding with warrants to purchase up to 68,164,686 and 68,166,786 shares of common stock		234,603		234,607
Common stock, $0.001 par value, 1,000,000,000 shares authorized, 661,140,737 and 660,322,749 shares issued and outstanding		661		660
Capital in excess of par value		5,166,396		5,114,851
Accumulated other comprehensive income		101,619		26,748
Retained earnings		608,260		473,833
Total Las Vegas Sands Corp. stockholders equity		6,111,539		5,850,699
Noncontrolling interests		1,210,438		1,089,888
Total equity		7,321,977		6,940,587
Total liabilities and equity	$	20,247,997	$	20,572,106

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

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
	(In thousands, except share and per share data) (Unaudited)			
Revenues:				
Casino	$ 1,573,851	$ 908,255	$ 3,929,922	$ 2,504,233
Rooms	208,160	155,673	579,709	492,030
Food and beverage	117,186	74,457	314,344	248,852
Convention, retail and other	147,179	95,604	370,660	304,976
	2,046,376	1,233,989	5,194,635	3,550,091
Less-promotional allowances	(137,604)	(92,845)	(356,499)	(271,185)
Net revenues	1,908,772	1,141,144	4,838,136	3,278,906
Operating expenses:				
Casino	882,178	598,934	2,367,760	1,680,307
Rooms	36,866	28,096	100,593	93,387
Food and beverage	50,906	37,384	143,007	124,845
Convention, retail and other	70,603	56,349	194,333	178,826
Provision for doubtful accounts	37,833	29,272	72,986	70,989
General and administrative	193,476	127,189	492,654	372,292
Corporate expense	28,686	17,519	78,116	105,250
Rental expense	9,186	6,691	30,690	22,497
Pre-opening expense	10,107	28,855	97,684	115,619
Development expense	425	80	1,258	344
Depreciation and amortization	186,738	148,677	510,521	431,559
Impairment loss	16,057		16,057	151,175
(Gain) loss on disposal of assets	2,406	(284)	40,577	4,500
	1,525,467	1,078,762	4,146,236	3,351,590
Operating income (loss)	383,305	62,382	691,900	(72,684)
Other income (expense):				
Interest income	2,661	1,599	6,367	9,840
Interest expense, net of amounts capitalized	(76,723)	(88,514)	(231,875)	(224,503)
Other income (expense)	6,444	(1,564)	(6,205)	(6,534)
Loss on modification or early retirement of debt	(21,692)	(204)	(18,555)	(204)
Income (loss) before income taxes	293,995	(26,301)	441,632	(294,085)
Income tax expense	(25,161)	(54,316)	(46,436)	(641)
Net income (loss)	268,834	(80,617)	395,196	(294,726)
	(54,337)	4,111	(121,311)	7,674

Net (income) loss attributable to noncontrolling interests								
Net income (loss) attributable to Las Vegas Sands Corp.		214,497		(76,506)		273,885		(287,052)
Preferred stock dividends		(23,350)		(23,350)		(70,050)		(69,676)
Accretion to redemption value of preferred stock issued to Principal Stockholder s family		(23,136)		(23,136)		(69,408)		(69,408)
Net income (loss) attributable to common stockholders	$	168,011	$	(122,992)	$	134,427	$	(426,136)
Basic earnings (loss) per share	$	0.25	$	(0.19)	$	0.20	$	(0.65)
Diluted earnings (loss) per share	$	0.21	$	(0.19)	$	0.17	$	(0.65)
Weighted average shares outstanding:								
Basic		660,836,841		660,245,590		660,495,783		655,687,503
Diluted		789,156,247		660,245,590		782,156,007		655,687,503

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

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
Condensed Consolidated Statements of Equity and Comprehensive Income (Loss)

	Las Vegas Sands Corp. Stockholders Equity								
	Preferred Stock	Common Stock	Treasury Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings	Total Comprehensive Income (Loss)	Noncontrolling Interests	Total
	(In thousands) (Unaudited)								
Balance at January 1, 2009	$ 298,066	$ 642	$	$ 3,090,292	$ 17,554	$ 1,015,554		$ 3,073	$ 4,425,181
Net loss						(287,052)	(287,052)	(7,674)	(294,726)
Currency translation adjustment					8,438		8,438		8,438
Total comprehensive loss							(278,614)	(7,674)	(286,288)
Tax shortfall from stock-based compensation				(4,275)					(4,275)
Stock-based compensation				35,475					35,475
Purchase of treasury stock			(13)						(13)
Exercise of warrants	(63,459)	18		63,441					
Contribution from noncontrolling interest								41	41
Deemed contribution from Principal Stockholder				481					481
Dividends declared, net of amounts previously accrued						(64,493)			(64,493)
Accumulated but undeclared dividend requirement on						(6,854)			(6,854)

preferred stock issued to Principal Stockholder s family									
Accretion to redemption value of preferred stock issued to Principal Stockholder s family						(69,408)			(69,408)
Balance at September 30, 2009	$ 234,607	$ 660	$ (13)	$ 3,185,414	$ 25,992	$ 587,747		$ (4,560)	$ 4,029,847
Balance at January 1, 2010	$ 234,607	$ 660	$	$ 5,114,851	$ 26,748	$ 473,833		$ 1,089,888	$ 6,940,587
Net income						273,885	273,885	121,311	395,196
Currency translation adjustment					74,871		74,871	(481)	74,390
Total comprehensive income							348,756	120,830	469,586
Exercise of stock options		1		6,395					6,396
Tax shortfall from stock-based compensation				(195)					(195)
Stock-based compensation				42,674				2,065	44,739
Exercise of warrants	(4)			9					5
Deemed contribution from Principal Stockholder				317					317
Acquisition of remaining shares of noncontrolling interest				2,345				(2,345)	
Dividends declared, net of						(63,196)			(63,196)

amounts previously accrued								
Accumulated but undeclared dividend requirement on preferred stock issued to Principal Stockholder s family						(6,854)		(6,854)
Accretion to redemption value of preferred stock issued to Principal Stockholder s family						(69,408)		(69,408)
Balance at September 30, 2010	$ 234,603	$ 661	$	$ 5,166,396	$ 101,619	$ 608,260	$ 1,210,438	$ 7,321,977

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

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
	(In thousands) (Unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ 395,196	$ (294,726)
Adjustments to reconcile net income (loss) to net cash generated from operating activities:		
Depreciation and amortization	510,521	431,559
Amortization of leasehold interests in land included in rental expense	30,690	19,621
Amortization of deferred financing costs and original issue discount	29,885	21,794
Amortization of deferred gain and rent	(3,870)	(3,871)
Loss on modification or early retirement of debt	3,756	204
Impairment and loss on disposal of assets	56,634	155,675
Stock-based compensation expense	42,552	32,914
Provision for doubtful accounts	72,986	70,989
Foreign exchange (gain) loss	1,183	(238)
Deferred income taxes	58,042	15,438
Non-cash contribution from Principal Stockholder included in corporate expense	317	481
Changes in operating assets and liabilities:		
Accounts receivable	(219,592)	(60,810)
Inventories	(479)	2,685
Prepaid expenses and other	(6,371)	40,201
Leasehold interests in land	(17,199)	(16,094)
Accounts payable	16,912	7,483
Accrued interest payable	(3,920)	(2,881)
Income taxes payable	8,052	
Other accrued liabilities	232,703	111,995
Net cash generated from operating activities	1,207,998	532,419
Cash flows from investing activities:		
Changes in restricted cash	(836,805)	(35,394)
Capital expenditures	(1,650,264)	(1,539,078)
Proceeds from disposal of property and equipment	5,951	3,894
Purchases of investments	(173,774)	
Proceeds from investments	173,774	
Acquisition of gaming license and certificate and other intangible assets	(44,599)	
Net cash used in investing activities	(2,525,717)	(1,570,578)
Cash flows from financing activities:		
Proceeds from exercise of stock options	6,396	
Proceeds from exercise of warrants	5	
Dividends paid to preferred stockholders	(70,050)	(71,347)

Purchase of treasury stock		(13)
Proceeds from long-term debt (Note 4)	1,399,157	1,434,874
Repayments on long-term debt (Note 4)	(2,524,602)	(227,325)
Contribution from noncontrolling interest		41
Payments of deferred financing costs	(65,823)	(44,759)
Net cash generated from (used in) financing activities	(1,254,917)	1,091,471
Effect of exchange rate on cash	11,932	370
Increase (decrease) in cash and cash equivalents	(2,560,704)	53,682
Cash and cash equivalents at beginning of period	4,955,416	3,038,163
Cash and cash equivalents at end of period	$ 2,394,712	$ 3,091,845
Supplemental disclosure of cash flow information:		
Cash payments for interest, net of amounts capitalized	$ 205,343	$ 205,167
Cash payments for taxes, net of refunds	$ 175	$ (69,604)
Changes in construction payables	$ (207,574)	$ 47,708
Non-cash investing and financing activities:		
Capitalized stock-based compensation costs	$ 2,187	$ 2,561
Property and equipment acquired under capital lease	$ 3,549	$ 25,567
Accumulated but undeclared dividend requirement on preferred stock issued to Principal Stockholder s family	$ 6,854	$ 6,854
Accretion to redemption value of preferred stock issued to Principal Stockholder s family	$ 69,408	$ 69,408
Acquisition of remaining shares of noncontrolling interest	$ 2,345	$
Warrants exercised and settled through tendering of preferred stock	$ 4	$ 63,459

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

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 ORGANIZATION AND BUSINESS OF COMPANY

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K of Las Vegas Sands Corp. (LVSC), a Nevada corporation, and its subsidiaries (collectively the Company) for the year ended December 31, 2009. The year-end balance sheet data was derived from audited financial statements, except as discussed below, but does not include all disclosures required by generally accepted accounting principles in the United States of America. In the opinion of management, all adjustments and normal recurring accruals considered necessary for a fair statement of the results for the interim period have been included. The interim results reflected in the unaudited condensed consolidated financial statements are not necessarily indicative of expected results for the full year. The Company s common stock is traded on the New York Stock Exchange under the symbol LVS.

In November 2009, the Company s newly formed subsidiary, Sands China Ltd. (SCL, the indirect owner and operator of the majority of the Company s operations in the Macau Special Administrative Region (Macau) of the People s Republic of China), completed an initial public offering (the SCL Offering) by listing its ordinary shares on The Main Board of The Stock Exchange of Hong Kong Limited. Immediately following the SCL Offering and several transactions consummated in connection with such offering, the Company owned 70.3% of the issued and outstanding ordinary shares of SCL. The shares of SCL were not, and will not, be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the U.S. absent a registration under the Securities Act of 1933, as amended, or an applicable exception from such registration requirements.

Operations

United States

Las Vegas

The Company owns and operates The Venetian Resort Hotel Casino (The Venetian Las Vegas), a Renaissance Venice-themed resort; The Palazzo Resort Hotel Casino (The Palazzo), a resort featuring modern European ambience and design; and an expo and convention center of approximately 1.2 million square feet (the Sands Expo Center). These Las Vegas properties, situated on or near the Las Vegas Strip, form an integrated resort with approximately 7,100 suites; approximately 225,000 square feet of gaming space; a meeting and conference facility of approximately 1.1 million square feet; an enclosed retail, dining and entertainment complex located within The Venetian Las Vegas of approximately 440,000 net leasable square feet (The Grand Canal Shoppes), which was sold to GGP Limited Partnership (GGP) in 2004; and an enclosed retail and dining complex located within The Palazzo of approximately 400,000 net leasable square feet (The Shoppes at The Palazzo), which was sold to GGP in February 2008. See Note 2 Property and Equipment, Net regarding the sale of The Shoppes at The Palazzo.

Pennsylvania

The Company is in the process of developing Sands Casino Resort Bethlehem (the Sands Bethlehem), a gaming, hotel, retail and dining complex located on the site of the historic Bethlehem Steel Works in Bethlehem, Pennsylvania. Sands Bethlehem is also expected to be home to the National Museum of Industrial History, an arts and cultural center, and the broadcast home of the local PBS affiliate. The Company owns 86% of the economic interest of the gaming, hotel and entertainment portion of the property through its ownership interest in Sands Bethworks Gaming LLC and more than 35% of the economic interest of the retail portion of the property through its ownership interest in Sands Bethworks Retail, LLC.

On May 22, 2009, the Company opened the casino component of Sands Bethlehem, which features slot machines and several food and beverage offerings, as well as the parking garage and surface parking. In April 2010, the Company recommenced construction of a 300-room hotel tower, which is expected to open in the second quarter of 2011. In May 2010, the Company paid a $16.5 million table game licensing fee and in July 2010 was issued its table games certificate by the Pennsylvania Gaming Control Board and commenced table games operations. Construction activities on the remaining components, which include an approximate 200,000-square-foot retail facility, a 50,000-square-foot multipurpose event center and a variety of additional dining options, have been suspended temporarily and are intended to recommence when capital markets and general economic conditions improve and when the suspended components are able to be financed. As of September 30, 2010, the Company has capitalized construction costs of $644.3 million for this project (including $13.1 million in outstanding construction payables). The Company expects to spend approximately $45.0 million to complete construction of the hotel tower, on furniture, fixtures and equipment (FF&E) and other costs, and to pay outstanding construction payables, as noted above. The impact of the suspension on the estimated overall cost of the project s remaining components is currently not determinable with certainty.

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)

Macau

The Company owns 70.3% of SCL, which includes the operations of the Sands Macao, The Venetian Macao, Four Seasons Macao and other ancillary operations that support these properties, as further discussed below. The Company operates the gaming areas within these properties pursuant to a 20-year gaming subconcession.

The Company owns and operates the Sands Macao, the first Las Vegas-style casino in Macau. The Sands Macao offers approximately 229,000 square feet of gaming space and a 289-suite hotel tower, as well as several restaurants, VIP facilities, a theater and other high-end services and amenities.

The Company also owns and operates The Venetian Macao Resort Hotel (The Venetian Macao), which anchors the Cotai Strip[tm], the Company s master-planned development of integrated resort properties in Macau. With a theme similar to that of The Venetian Las Vegas, The Venetian Macao includes a 39-floor luxury hotel with over 2,900 suites; approximately 550,000 square feet of gaming space; a 15,000-seat arena; an 1,800-seat theater; retail and dining space of approximately 1.0 million square feet; and a convention center and meeting room complex of approximately 1.2 million square feet.

The Company owns the Four Seasons Hotel Macao, Cotai Strip[tm] (the Four Seasons Hotel Macao), which features 360 rooms and suites managed and operated by Four Seasons Hotels Inc. and is located adjacent and connected to The Venetian Macao. Connected to the Four Seasons Hotel Macao, the Company owns and operates the Plaza Casino (together with the Four Seasons Hotel Macao, the Four Seasons Macao), which features approximately 70,000 square feet of gaming space; 19 Paiza mansions; retail space of approximately 211,000 square feet, which is connected to the mall at The Venetian Macao; several food and beverage offerings; and conference, banquet and other facilities. This integrated resort will also feature the Four Seasons Apartment Hotel Macao, Cotai Strip[tm] (the Four Seasons Apartments), an apart-hotel tower that consists of approximately 1.0 million square feet of Four Seasons-serviced and -branded luxury apart-hotel units and common areas. The Company has completed the structural work of the tower and expects to subsequently monetize units within the Four Seasons Apartments subject to market conditions and obtaining the necessary government approvals. As of September 30, 2010, the Company has capitalized construction costs of $1.07 billion for the entire project (including $18.3 million in outstanding construction payables). The Company expects to spend approximately $130.0 million primarily on additional costs to complete the Four Seasons Apartments, including FF&E, pre-opening costs and additional land premiums, and to pay outstanding construction payables, as noted above.

Singapore

The Company s wholly owned subsidiary, Marina Bay Sands Pte. Ltd. (MBS), entered into a development agreement (the Development Agreement) with the Singapore Tourism Board (the STB) to build and operate an integrated resort called Marina Bay Sands in Singapore. Marina Bay Sands, portions of which opened on April 27, 2010, is expected to include three 55-story hotel towers (totaling approximately 2,600 rooms and suites), the Sands SkyPark[tm] (which sits atop the hotel towers and features an infinity swimming pool and several dining options), a casino, an enclosed retail, dining and entertainment complex of approximately 800,000 net leasable square feet, a convention center and meeting room complex of approximately 1.3 million square feet, theaters and a landmark iconic structure at the bay-front promenade that will contain an art/science museum. As of September 30, 2010, the Company has capitalized 7.23 billion Singapore dollars (SGD, approximately $5.49 billion at exchange rates in effect on September 30, 2010) in costs for this project, including the land premium and SGD 505.0 million (approximately $383.7 million at exchange rates in effect on September 30, 2010) in outstanding construction payables. The Company expects to spend approximately SGD 1.2 billion (approximately $0.9 billion at exchange rates in effect on September 30, 2010) through 2011 on additional costs to complete the construction of the integrated resort, FF&E, pre-opening and other costs, and to pay outstanding construction payables, as noted above, of which approximately SGD 340 million (approximately $260 million at exchange rates in effect on September 30, 2010) is expected to be spent during 2010. As the Company has obtained Singapore-denominated financing and primarily pays its costs in Singapore dollars, its exposure to foreign exchange gains and losses is expected to be minimal. Based on its current development plan, the Company expects to progressively open the majority of Marina Bay Sands throughout 2010.

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)

Development Projects

The Company has suspended portions of its development projects to focus its development efforts on those projects with the highest expected rates of return on invested capital. Should general economic conditions fail to improve, if the Company is unable to obtain sufficient funding such that completion of its suspended projects is not probable, or should management decide to abandon certain projects, all or a portion of the Company s investment to date on its suspended projects could be lost and would result in an impairment charge. In addition, the Company may be subject to penalties under the termination clauses in its construction contracts or termination rights under its management contracts with certain hotel management companies.

United States

The Company was constructing a high-rise residential condominium tower (the Las Vegas Condo Tower), located on the Las Vegas Strip between The Palazzo and The Venetian Las Vegas. The Company suspended construction activities for the project due to reduced demand for Las Vegas Strip condominiums and the overall decline in general economic conditions. The Company intends to recommence construction when demand and conditions improve and expects that it will take approximately 18 months thereafter to complete construction of the project. As of September 30, 2010, the Company has capitalized construction costs of $176.2 million for this project. The impact of the suspension on the estimated overall cost of the project is currently not determinable with certainty.

Macau

The Company submitted plans to the Macau government for its other Cotai Strip developments, which represent three integrated resort developments, in addition to The Venetian Macao and Four Seasons Macao, on an area of approximately 200 acres (which are referred to as parcels 3, 5 and 6, and 7 and 8). Subject to the approval from the Macau government, the developments are expected to include hotels, exhibition and conference facilities, gaming areas, showrooms, shopping malls, spas, restaurants, entertainment facilities and other amenities. The Company had commenced construction or pre-construction on these developments and plans to operate the related gaming areas under the Company s Macau gaming subconcession.

The Company is staging the construction of its integrated resort development on parcels 5 and 6. Upon completion of phases I and II of the project, the integrated resort is expected to feature approximately 6,000 hotel rooms, approximately 300,000 square feet of gaming space, approximately 1.2 million square feet of retail, entertainment and dining facilities, exhibition and conference facilities and a multipurpose theater. Phase I of the project is expected to include two hotel towers with approximately 3,700 hotel rooms to be managed by Shangri-La International Hotel Management Limited (Shangri-La) under its Shangri-La and Traders brands and Sheraton International Inc. and Sheraton Overseas Management Co. (collectively Starwood) under its Sheraton brand, as well as completion of the structural work of an adjacent hotel tower with approximately 2,300 rooms to be managed by Starwood under its Sheraton brand. Phase I will also include the gaming space and a partial opening of the retail and exhibition and conference facilities. The total cost to complete phase I is expected to be approximately $2.0 billion. Phase II of the project includes completion of the additional Sheraton hotel tower, the theater and the remaining retail facilities. The total cost to complete phase II is expected to be approximately $300 million. Phase III of the project is expected to include a fourth hotel and mixed-use tower to be managed by Starwood under its St. Regis brand and the total cost is expected to be approximately $450 million. In connection with the Company entering into the $1.75 billion Venetian Orient Limited (VOL) credit facility (see Note 4 Long-term Debt VOL Credit Facility) to be used together wi $500.0 million of proceeds from the SCL Offering, the Company is mobilizing to recommence construction. The Company is currently working with the Macau government to obtain sufficient construction labor for the project. Until adequate labor quotas are received, the timing of the completion of phases I and II is currently not determinable with certainty; however, the Company is progressing on alternative scenarios for completion of selected portions of phases I and II with the construction labor currently onsite. The Company intends to commence construction of phase III of the project as demand and market conditions warrant it. As of September 30, 2010, the Company has capitalized construction costs of $1.88 billion for the entire project (including $134.2 million in outstanding construction payables). The Company s management agreements with Starwood and Shangri-La impose certain construction deadlines and opening obligations on the Company and certain past and/or anticipated delays, as described above, would allow Starwood and Shangri-La to terminate their respective agreements. See Note 10 Commitments and Contingencies Other Agreements.

The Company had commenced pre-construction on parcels 7 and 8 and 3, and has capitalized construction costs of $102.4 million for parcels 7 and 8 and $34.5 million for parcel 3 as of September 30, 2010. The Company intends to commence construction after the integrated resort on parcels 5 and 6 is complete, necessary government approvals are obtained, regional and global economic conditions improve, future demand warrants it and additional financing is obtained.

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
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The impact of the delayed construction on the Company s previously estimated cost to complete its Cotai Strip developments is currently not determinable with certainty. As of September 30, 2010, the Company has capitalized an aggregate of $6.0 billion in costs for its Cotai Strip developments, including The Venetian Macao and Four Seasons Macao, as well as the Company s investments in transportation infrastructure, including its passenger ferry service operations. In addition to funding phases I and II of parcels 5 and 6 with the $1.75 billion VOL credit facility, the Company will need to arrange additional financing to fund the balance of its Cotai Strip developments and there is no assurance that the Company will be able to obtain any of the additional financing required.

Land concessions in Macau generally have an initial term of 25 years with automatic extensions of 10 years thereafter in accordance with Macau law. The Company has received a land concession from the Macau government to build on parcels 1, 2 and 3, including the sites on which The Venetian Macao (parcel 1) and Four Seasons Macao (parcel 2) are located. In November 2009, the Company made an initial premium payment of 700.0 million patacas (approximately $87.6 million at exchange rates in effect on September 30, 2010) for the land concession on parcels 5 and 6, which became effective in May 2010 when it was published in Macau s Official Gazette. The Company does not own these land sites in Macau; however, the land concession grants the Company exclusive use of the land. As specified in the land concession, the Company is required to pay premiums for each parcel, which are either payable in a single lump sum upon acceptance of the land concession by the Macau government or in seven semi-annual installments (provided that the outstanding balance is due upon the completion of the corresponding integrated resort), as well as annual rent for the term of the land concession. Based on historical experience with the Macau government with respect to the Company s land concessions for the Sands Macao and parcels 1, 2, 3 and 5 and 6, management believes that the land concession for parcels 7 and 8 will be granted; however, if the Company does not obtain land concession, the Company could forfeit all or a substantial portion of its $102.4 million in capitalized construction costs, as of September 30, 2010, related to its development on parcels 7 and 8.

Under the Company s land concession for parcel 3, the Company was initially required to complete the corresponding development by August 2011. The Macau government has granted the Company a two-year extension to complete the development of parcel 3, which now must be completed by April 2013. The land concession for parcels 5 and 6 contains a similar requirement that the corresponding development be completed by May 2014 (48 months from the date the land concession became effective). The Company believes that if it is not able to complete the developments by the respective deadlines, it will likely be able to obtain extensions from the Macau government; however, no assurances can be given that additional extensions will be granted. If the Company is unable to meet the deadlines and those deadlines are not extended, it could lose its land concessions for parcels 3 and 5 and 6, which would prohibit the Company from operating any facilities developed under the respective land concessions. As a result, the Company could forfeit all or a substantial portion of its $34.5 million and $1.88 billion in capitalized construction costs, as of September 30, 2010, related to its developments on parcels 3 and 5 and 6, respectively.

Other

When the current economic environment and access to capital improve, the Company may continue exploring the possibility of developing and operating additional properties, including integrated resorts, in additional Asian and U.S. jurisdictions, and in Europe.

Development Financing Strategy

Through September 30, 2010, the Company has funded its development projects primarily through borrowings under its U.S., Macau and Singapore credit facilities, operating cash flows, proceeds from its recent equity offerings and proceeds from the disposition of non-core assets.

The U.S. credit facility, as amended in August 2010, requires the Company s Las Vegas operations to comply with certain financial covenants at the end of each quarter, including maintaining a maximum leverage ratio of net debt, as defined, to trailing twelve-month adjusted earnings before interest, income taxes, depreciation and amortization, as defined (Adjusted EBITDA). The maximum leverage ratio is 6.5x for the quarterly periods ended September 30, 2010 through June 30, 2011, decreases to 6.0x for the quarterly periods ended September 30 and December 31, 2011, decreases to 5.5x for the quarterly periods ended March 31 and June 30, 2012, and then decreases to 5.0x for all quarterly periods thereafter through maturity. The Macau credit facility, as amended in August 2009, requires the Company s Macau operations to comply with similar financial covenants, including maintaining a maximum leverage ratio of debt to Adjusted EBITDA. The maximum leverage ratio is 3.5x for the quarterly periods ended September 30 and December 31, 2010, and then decreases to 3.0x for all quarterly periods thereafter through maturity. The Company can elect to contribute up to $50 million and $20 million of cash on hand to its Las Vegas and Macau operations, respectively, on a bi-quarterly basis; such contributions having the effect of increasing Adjusted EBITDA by the corresponding amount during the applicable quarter for purposes of calculating compliance with the maximum leverage ratio (the EBITDA true-up). If the Company is unable to maintain compliance with the financial covenants under these credit facilities, it would be in default under the respective credit facilities. A default under the U.S. credit facility would trigger a cross-default under the Company s airplane financings, which, if the respective lenders chose to accelerate the indebtedness outstanding under these agreements, would result in a default under the Company s senior notes. A default under the Macau credit facility would trigger a cross-default under the Company s ferry financing. Any defaults or cross-defaults under these agreements would allow the lenders, in each case, to exercise their rights and remedies as defined under their respective agreements. If the lenders were to exercise their rights to accelerate the due dates of the indebtedness outstanding, there can be no assurance that the Company would be able to repay or refinance any amounts that may become due and payable under such agreements, which could force the Company to restructure or alter its operations or debt obligations.

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In 2008, the Company completed a $475.0 million convertible senior notes offering and a $2.1 billion common and preferred stock and warrants offering. In 2009, the Company completed a $600.0 million exchangeable bond offering and its $2.5 billion SCL Offering. A portion of the proceeds from these offerings was used in the U.S. to pay down $775.9 million under the revolving portion of the U.S. credit facility in March 2010 and $1.0 billion under the term loan portions of the U.S. credit facility in August 2010, and to exercise the EBITDA true-up provision during the quarterly periods ended March 31 and September 30, 2010, and was contributed to Las Vegas Sands, LLC (LVSLLC) to reduce its net debt in order to maintain compliance with the maximum leverage ratio for the quarterly periods during the nine months ended September 30, 2010.

The Company held unrestricted and restricted cash and cash equivalents of approximately $2.39 billion and $959.7 million, respectively, as of September 30, 2010. The Company believes that the cash on hand, cash flow generated from operations and available borrowings under its credit facilities will be sufficient to fund its development plans and maintain compliance with the financial covenants of its U.S. and Macau credit facilities. In the normal course of its activities, the Company will continue to evaluate its capital structure and opportunities for enhancements thereof. In August 2010, the Company completed an amendment to its U.S. credit facility, which included a $1.0 billion pay down of its term loans and a reduction of its revolving credit facility commitments in exchange for the extension of certain maturities and other modifications to the credit agreement, thereby increasing the Company s financial flexibility. Additionally, in connection with the $1.75 billion VOL credit facility to be used together with $500.0 million of proceeds from the SCL Offering, the Company is mobilizing to recommence construction of the Company s Cotai Strip development on parcels 5 and 6.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued authoritative guidance for variable interest entities (VIEs), which changes the approach to determining the primary beneficiary of a VIE and requires companies to more frequently assess whether they must consolidate VIEs. In December 2009, the FASB supplemented its authoritative guidance for VIE s, which establishes new criteria for consolidation based on power to direct the activities of a VIE that would significantly impact the VIE s economic performance and the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The new guidance does not allow grandfathering of existing structures and is effective January 1, 2010. The application of this guidance did not have a material effect on the Company s financial condition, results of operations or cash flows. See Note 6 Variable Interest Entities.

In January 2010, the FASB issued authoritative guidance for fair value measurements, which requires new disclosures regarding significant transfers in and out of Level 1 and 2 fair value measurements and gross presentation of activity within the reconciliation for Level 3 fair value measurements. The guidance also clarifies existing requirements on the level of disaggregation and required disclosures regarding inputs and valuation techniques for both recurring and nonrecurring Level 2 and 3 fair value measurements. The guidance is effective for interim and annual reporting periods beginning after December 15, 2009, with the exception of gross presentation of Level 3 activity, which is effective for interim and annual reporting periods beginning after December 15, 2010. The adoption of this guidance did not have a material effect on the Company s financial condition, results of operations or cash flows. See Note 9 Fair Value Measurements for the required disclosure.

In April 2010, the FASB issued authoritative guidance for companies that generate revenue from gaming activities that involve base jackpots, which requires companies to accrue for a liability and charge a jackpot (or portion thereof) to revenue at the time the company has the obligation to pay the jackpot. The guidance is effective for interim and annual reporting periods beginning on or after December 15, 2010. Base jackpots are currently not accrued for by the Company until it has the obligation to pay such jackpots. As such, the application of this guidance will not have a material effect on the Company s financial condition, results of operations or cash flows.

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Revision

In connection with the preparation of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, the Company revised its December 31, 2009, condensed consolidated balance sheet and condensed consolidated statements of equity and comprehensive income (loss) to appropriately reflect the impact of the issuance of SCL shares upon its initial public offering. This revision resulted in a $655.7 million increase in the noncontrolling interests balance with a corresponding reduction to capital in excess of par value. The revision, which the Company determined is not material, had no impact on total equity, results of operations or cash flows.

Reclassification

The Company reclassified its intangible assets, net of amortization, as of December 31, 2009, which was previously included in other assets, net, to conform to the current presentation (see Note 3 Intangible Assets, Net). The reclassification had no effect on the Company s financial condition, results of operations or cash flows.

NOTE 2 PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following (in thousands):

	September 30, 2010	December 31, 2009
Land and improvements	$ 412,642	$ 353,791
Building and improvements	10,651,246	6,898,071
Furniture, fixtures, equipment and leasehold improvements	1,953,270	1,703,792
Transportation	402,819	403,256
Construction in progress	3,206,879	5,647,986
	16,626,856	15,006,896
Less accumulated depreciation and amortization	(2,154,991)	(1,655,625)
	$ 14,471,865	$ 13,351,271

Construction in progress consists of the following (in thousands):

	September 30, 2010	December 31, 2009
Other Macau Development Projects (principally Cotai Strip parcels 5 and 6)	$ 2,051,157	$ 1,915,587
Marina Bay Sands	498,671	3,119,935
Four Seasons Macao (principally the Four Seasons Apartments)	377,996	328,300
Sands Bethlehem	93,090	85,159
Other	185,965	199,005
	$ 3,206,879	$ 5,647,986

The $186.0 million in other construction in progress consists primarily of construction of the Las Vegas Condo Tower, other projects in Las Vegas and at The Venetian Macao and Sands Macao.

As of September 30, 2010, the Company has received proceeds of $295.4 million from the sale of The Shoppes at The Palazzo; however, the final purchase price will be determined in accordance with the agreement between Venetian Casino Resort, LLC (VCR) and GGP (the Agreement) based on net operating income (NOI) of The Shoppes at The Palazzo calculated 30 months after the closing date of the sale, as defined under the Agreement (the Final Purchase Price) and subject to certain later audit adjustments. Given the economic and market conditions facing retailers on a national and local level, tenants are facing economic challenges that have had an effect, and may have a future effect, on the calculation of NOI. Approximately $282.1 million of property and equipment (net of $29.3 million of accumulated depreciation), which was sold to GGP, is included in the condensed consolidated balance sheet as of September 30, 2010. In April 2009, GGP and its subsidiary that owns The Shoppes at The Palazzo filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code (the Chapter 11 Cases). The United States Bankruptcy Court for the Southern District of New York entered orders approving the plans of reorganization of GGP and the subsidiary that owns The Shoppes at The Palazzo on October 21 and April 29, 2010, respectively. Under the confirmed plans of reorganization, the only impaired creditors were mortgage holders. The Company will continue to review the Chapter 11 Cases and the projected financial performance of the tenants to be included in the NOI calculation, and will adjust the estimates of NOI and capitalization rates as additional information is received. The Company and GGP have entered into several amendments to the Agreement to defer the time to reach agreement on the Final Purchase Price as both parties are continuing to work on various matters related to the calculation of NOI. The Company may be required to record a loss on the sale in the future depending on the resolution of such matters and the resulting agreed upon Final Purchase Price.

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The cost and accumulated depreciation of property and equipment that the Company is leasing to tenants as part of its mall operations in Macau was $416.9 million and $68.4 million, respectively, as of September 30, 2010. The cost and accumulated depreciation of property and equipment that the Company is leasing under capital lease arrangements is $29.6 million and $2.8 million, respectively, as of September 30, 2010.

During the three and nine months ended September 30, 2010 and the three and nine months ended September 30, 2009, the Company capitalized interest expense of $32.0 million, $74.3 million, $16.9 million and $45.1 million, respectively.

As described in Note 1 Organization and Business of Company Development Projects, the Company suspended portions of its development projects given the conditions in the capital markets and the global economy and their impact on the Company s ongoing operations. If circumstances change, the Company may be required to record an impairment charge related to these developments in the future.

NOTE 3 INTANGIBLE ASSETS, NET

Intangible assets consist of the following (in thousands):

	September 30, 2010	December 31, 2009
Gaming licenses and certificate	$ 94,992	$ 50,000
Less accumulated amortization	(4,089)	
	90,903	50,000
Trademarks and other	1,008	263
Less accumulated amortization	(176)	(134)
	832	129
Total intangible assets, net	$ 91,735	$ 50,129

In August 2007 and July 2010, the Company was issued a gaming license and certificate from the Pennsylvania Gaming Control Board for its slots and table games operations at Sands Bethlehem, respectively, which were acquired for $50.0 million and $16.5 million, respectively. The license and certificate were determined to have indefinite lives and therefore, are not subject to amortization. In April 2010, the Company was issued a gaming license from the Singapore Casino Regulatory Authority (the CRA) for its gaming operations at Marina Bay Sands, which was acquired for SGD 37.5 million (approximately $28.5 million at exchange rates in effect on September 30, 2010). This license is being amortized over its three-year term and is renewable upon submitting a renewal application, paying the applicable license fee and meeting the renewal requirements as determined by the CRA.

NOTE 4 LONG-TERM DEBT

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

	September 30, 2010	December 31, 2009
Corporate and U.S. Related:		
Senior Secured Credit Facility Term B	$ 2,162,680	$ 2,925,000
Senior Secured Credit Facility Delayed Draws I and II	722,090	987,000
Senior Secured Credit Facility Revolving		775,860

6.375% Senior Notes (net of original issue discount of $763 and $1,164, respectively)	188,949	248,836
FF&E Facility		108,550
Airplane Financings	79,344	82,110
HVAC Equipment Lease	23,425	24,717
Other	4,095	4,778
Macau Related:		
Macau Credit Facility Term B	1,488,289	1,501,789
Macau Credit Facility Term B Delayed	578,779	584,029
Macau Credit Facility Revolving		479,640
Macau Credit Facility Local Term	41,325	67,697
VOL Credit Facility Term	750,963	
Ferry Financing	184,316	210,762
Other	11,737	11,016
Singapore Related:		
Singapore Credit Facility	3,901,558	3,013,678
Other	2,299	
	10,139,849	11,025,462
Less current maturities	(572,458)	(173,315)
Total long-term debt	$ 9,567,391	$ 10,852,147

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Senior Secured Credit Facility

In August 2010, the Senior Secured Credit Facility was amended to, among other things, modify certain financial covenants, including increasing the maximum leverage ratio for the quarterly periods through June 30, 2012 (see Note 1 Organization and Business of Company Development Financing Strategy). Certain lenders elected to extend the maturity of $1.42 billion in aggregate principal amount of the Term B Facility to November 2016, $284.5 million in aggregate principal amount of the Delayed Draw I Facility to November 2016, $207.9 million in aggregate principal amount of the Delayed Draw II Facility to November 2015 (collectively the Extended Term Loans) and to extend the availability of $532.5 million (after giving effect to the reductions described below) of the Revolving Facility to May 2014 (the Extended Revolving Facility). As part of the extension, the Company was required to pay down $1.0 billion in aggregate principal amount of the Extended Term Loans and the commitments under the Revolving Facility were reduced from $1.0 billion to $750.0 million. The credit spread for the Extended Term Loans increased 100 basis points to 1.75% per annum for borrowings bearing interest at a base rate or 2.75% per annum at an adjusted Eurodollar rate. The credit spread for the Extended Revolving Facility increased 75 basis points to 1.25% per annum for borrowings bearing interest at a base rate or 2.25% per annum at an adjusted Eurodollar rate. These credit spreads are subject to downward adjustments in certain circumstances if the Company s corporate credit rating is increased. As a result of the repayment and amendment, the Company recorded a $21.2 million loss on modification or early retirement of debt during the three and nine months ended September 30, 2010.

During the nine months ended September 30, 2010, the Company paid down $775.9 million under the Revolving Facility, in addition to the pay down of $1.0 billion of the Extended Term Loans as described above. As of September 30, 2010, the Company had $640.5 million of available borrowing capacity under the Senior Secured Credit Facility, net of outstanding letters of credit and undrawn amounts committed to be funded by Lehman Brothers Commercial Paper Inc.

FF&E Credit Facility

In August 2010, the Company repaid the outstanding $91.8 million balance under the FF&E Credit Facility and incurred a $0.5 million loss on early retirement of debt during the three and nine months ended September 30, 2010.

Senior Notes

During the nine months ended September 30, 2010, the Company repurchased $60.3 million of the outstanding principal of the Senior Notes and recorded a $3.4 million gain on extinguishment of debt in connection with the repurchase.

Macau Credit Facility

During the nine months ended September 30, 2010, the Company paid down $479.6 million under the revolving portion of its Macau Credit Facility. As of September 30, 2010, the Company had $595.3 million of available borrowing capacity under the Macau Credit Facility, net of undrawn amounts committed to be funded by Lehman Brothers Commercial Paper Inc.

VOL Credit Facility

On May 17, 2010, a subsidiary of the Company, VOL (owner and developer of the integrated resort on Cotai Strip parcels 5 and 6), entered into a credit agreement (the VOL Credit Facility) providing for up to $1.75 billion (or equivalent in Hong Kong dollars or Macau patacas), which consists of a $750.0 million term loan (the VOL Term Facility) that was fully drawn on July 16, 2010, a $750.0 million delayed draw term loan available for 18 months after closing (the VOL Delayed Draw Facility) and a $250.0 million revolving facility (the VOL Revolving Facility). As of September 30, 2010, the Company had not drawn any amounts under the VOL Delayed Draw Facility or VOL Revolving Facility.

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The indebtedness under the VOL Credit Facility is guaranteed by any future restricted subsidiaries of VOL. The obligations under the VOL Credit Facility are collateralized by a first-priority security interest in substantially all of VOL s assets, other than (1) capital stock and similar ownership interests, (2) certain furniture, fixtures, fittings and equipment and (3) certain other excluded assets.

The VOL Credit Facility matures on June 16, 2015, with VOL required to repay or prepay the VOL Credit Facility under certain circumstances. Commencing on March 31, 2013, and at the end of each subsequent quarter in 2013, VOL is required to repay the outstanding VOL Term and Delayed Draw Facilities on a pro rata basis in an amount equal to 5% of the aggregate principal amount of term loans outstanding as of November 17, 2011. Commencing on March 31, 2014, and at the end of each subsequent quarter in 2014, VOL is required to repay the outstanding VOL Term and Delayed Draw Facilities on a pro rata bases in an amount equal to 7.5% of the aggregate principal amount of term loans outstanding as of November 17, 2011. In addition, commencing with December 31, 2013, and the end of each fiscal year thereafter, VOL is required to further repay the outstanding VOL Term and Delayed Draw Facilities on a pro rata basis with 50%, subject to downward adjustments if certain conditions are met, of its excess free cash flow (as defined by the VOL Credit Facility).

Borrowings under the VOL Credit Facility bear interest at either the adjusted Eurodollar rate or an alternative base rate (in the case of U.S. dollar denominated loans) or the Hong Kong Interbank Offered Rate (HIBOR, in the case of Hong Kong dollar and Macau pataca denominated loans), as applicable, plus a spread of 4.5% per annum. VOL will pay standby fees of 2.0% per annum on the undrawn amounts under the VOL Term and Delayed Draw Facilities and 1.5% per annum on the undrawn amounts under the VOL Revolving Facility.

The VOL Credit Facility contains affirmative and negative covenants customary for such financings, including, but not limited to, limitations on liens, annual capital expenditures other than project costs, incurrence of indebtedness, loans and guarantees, investments, acquisitions and asset sales, restricted payments and other distributions, affiliate transactions and use of proceeds from the facility. The VOL Credit Facility also requires VOL to comply with financial covenants as of the first full quarter beginning six months after the commencement of substantial operations of phases I and II of the integrated resort on Cotai Strip parcels 5 and 6, including maximum ratios of total indebtedness to Adjusted EBITDA and minimum ratios of Adjusted EBITDA to total interest expense. The VOL Credit Facility also contains events of default customary for such financings.

Singapore Credit Facility

As of September 30, 2010, the Company had SGD 46.4 million (approximately $35.2 million at exchange rates in effect on September 30, 2010) of available borrowing capacity under the Singapore Credit Facility, net of outstanding banker s guarantees.

Cash Flows from Financing Activities

Cash flows from financing activities related to long-term debt are as follows (in thousands):

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Proceeds from Singapore Credit Facility	$ 647,988	$ 824,986
Proceeds from VOL Credit Facility	751,169	
Proceeds from Exchangeable Bonds		600,000
Proceeds from Ferry Financing		9,888
	$ 1,399,157	$ 1,434,874
Repayments on Senior Secured Credit Facility	$ (1,803,090)	$ (30,000)
Repayments on Macau Credit Facility	(524,701)	(150,074)

Repayments on Singapore Credit Facility		(18,223)
Repayments on Senior Notes	(56,675)	
Repayments on Ferry Financing	(26,331)	
Repayments on Airplane Financings	(2,766)	(2,766)
Repayments on HVAC Equipment Lease	(1,293)	(421)
Repayments on FF&E Facility and Other Long-Term Debt	(109,746)	(25,841)
	$ (2,524,602)	$ (227,325)

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Fair Value of Long-Term Debt

The estimated fair value of the Company s long-term debt as of September 30, 2010, was approximately $9.40 billion, compared to its carrying value of $10.11 billion. As of December 31, 2009, the estimated fair value of the Company s long-term debt was approximately $9.66 billion, compared to its carrying value of $11.0 billion. The estimated fair value of the Company s long-term debt is based on quoted market prices, if available, or by pricing models based on the value of related cash flows discounted at current market interest rates.

NOTE 5 EQUITY AND EARNINGS (LOSS) PER SHARE

Preferred Stock and Warrants

Preferred stock dividend activity is as follows (in thousands):

Board of Directors Declaration Date	Payment Date	Preferred Stock Dividends Paid to Principal Stockholder s Family	Preferred Stock Dividends Paid to Public Holders	Total Preferred Stock Dividends Paid
February 5, 2009	February 17, 2009	$ 13,125	$ 11,347	$ 24,472
April 30, 2009	May 15, 2009	13,125	10,400	23,525
July 31, 2009	August 17, 2009	13,125	10,225	23,350
				$ 71,347
February 5, 2010	February 16, 2010	$ 13,125	$ 10,225	$ 23,350
May 4, 2010	May 17, 2010	13,125	10,225	23,350
July 29, 2010	August 16, 2010	13,125	10,225	23,350
				$ 70,050
November 2, 2010	November 15, 2010	$ 13,125	$ 10,225	$ 23,350

During the nine months ended September 30, 2010, holders of preferred stock exercised 126 warrants to purchase an aggregate of 2,099 shares of the Company s common stock at $6.00 per share and tendered 76 shares of preferred stock and approximately $5,000 in cash as settlement of the warrant exercise price. During the nine months ended September 30, 2009, holders of the preferred stock exercised 1,106,301 warrants to purchase an aggregate of 18,438,384 shares of the Company s common stock at $6.00 per share and tendered 1,106,301 shares of preferred stock as settlement of the warrant exercise price.

Subsequent to September 30, 2010, holders of preferred stock exercised 1,857,645 warrants to purchase an aggregate of 30,960,805 shares of the Company s common stock at $6.00 per share for $185.8 million in cash as settlement of the warrant exercise price.

Earnings (Loss) Per Share

The weighted average number of common and common equivalent shares used in the calculation of basic and diluted earnings (loss) per share consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009

Weighted-average common shares outstanding (used in the calculation of basic earnings (loss) per share)	660,836,841	660,245,590	660,495,783	655,687,503
Potential dilution from stock options, restricted stock and warrants	128,319,406		121,660,224	
Weighted-average common and common equivalent shares (used in the calculation of diluted earnings (loss) per share)	789,156,247	660,245,590	782,156,007	655,687,503
Antidilutive stock options, restricted stock and warrants excluded from the calculation of diluted earnings (loss) per share	8,570,205	170,653,596	9,098,805	170,653,596

Accumulated Comprehensive Income and Comprehensive Income (Loss)

As of September 30, 2010 and December 31, 2009, accumulated comprehensive income consisted solely of foreign currency translation adjustments.

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Total comprehensive income (loss) consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	**2009**	**2010**	**2009**
Net income (loss)	$ 268,834	$ (80,617)	$ 395,196	$ (294,726)
Currency translation adjustment	78,886	11,194	74,390	8,438
Total comprehensive income (loss)	347,720	(69,423)	469,586	(286,288)
Less: comprehensive (income) loss attributable to noncontrolling interests	(58,004)	4,111	(120,830)	7,674
Comprehensive income (loss) attributable to Las Vegas Sands Corp.	$ 289,716	$ (65,312)	$ 348,756	$ (278,614)

NOTE 6 VARIABLE INTEREST ENTITIES

The Company consolidates any VIEs in which it is the primary beneficiary and discloses significant variable interests in VIEs of which it is not the primary beneficiary, if any, which management determines such designation based on accounting standards for VIEs.

The Company has entered into various joint venture agreements with independent third parties. The operations of these joint ventures have been consolidated by the Company due to the Company s significant investment in these joint ventures, its power to direct the activities of the joint ventures that would significantly impact their economic performance and the obligation to absorb potentially significant losses or the rights to receive potentially significant benefits from these joint ventures. In accordance with revised accounting standards, the Company evaluates its primary beneficiary designation on an ongoing basis and will assess the appropriateness of the VIE s status when events have occurred that would trigger such an analysis.

As of September 30, 2010 and December 31, 2009, the Company s joint ventures had total assets of $94.7 million and $105.6 million, respectively, and total liabilities of $75.3 million and $75.3 million, respectively.

NOTE 7 INCOME TAXES

The Company s major tax jurisdictions are the U.S., Macau and Singapore. In the U.S., during the three months ended September 30, 2010, the Internal Revenue Service (IRS) issued a Revenue Agent s Report for years 2005 through 2008 proposing certain assessments. The Company disagrees with several of the proposed assessments and submitted a protest and a request for an appeals conference to the IRS. The Company anticipates that the appeals process will take an extended period of time to resolve and management does not believe that it is reasonably possible that these issues will be settled in the next twelve months. In the U.S., the Company is currently under examination for the 2009 year. In Macau and Singapore, the Company is subject to examination for years after 2005. The Company believes it has adequately reserved for its uncertain tax positions; however, there is no assurance that the taxing authorities will not propose adjustments that are different than the Company s expected outcome and impact the provision for income taxes.

During the three and nine months ended September 30, 2010, the Company settled certain tax matters with taxing authorities. As a result of these settlements, the Company reduced its unrecognized tax benefits by $32.9 million.

The Company recorded valuation allowances on the net deferred tax assets of the Company s U.S. operations and certain foreign jurisdictions and does not anticipate recording an income tax benefit related to these deferred tax assets. The Company will reassess the realization of deferred tax assets based on accounting standards for income taxes each reporting period and will be able to reduce the valuation allowance to the extent that the financial results of these operations improve and it becomes more likely than not that the deferred tax assets are realizable.

The Company received a 5-year income tax exemption in Macau that exempts the Company from paying corporate income tax on profits generated by gaming operations. The Company will continue to benefit from this tax exemption through the end of 2013.

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(UNAUDITED)

NOTE 8 STOCK-BASED EMPLOYEE COMPENSATION

Sands China Ltd. Equity Award Plan

The Company s subsidiary, SCL, adopted an equity award plan (the SCL Equity Plan) for grants of options to purchase ordinary shares of SCL. The purpose of the SCL Equity Plan is to give SCL a competitive edge in attracting, retaining and motivating employees, directors and consultants and to provide SCL with a stock plan providing incentives directly related to increases in its stockholder value. Subject to certain criteria as defined in the SCL Equity Plan, SCL s subsidiaries or affiliates employees, directors or officers and many of its consultants are eligible for awards under the SCL Equity Plan. The SCL Equity Plan provides for an aggregate of 804,786,508 shares of SCL s common stock to be available for awards, representing 10% of the outstanding shares of the SCL Offering. The SCL Equity Plan has a term of ten years and no further awards may be granted after the expiration of the term. SCL s compensation committee may grant awards of stock options, stock appreciation rights, restricted stock awards, restricted stock units, stock bonus awards, performance compensation awards or any combination of the foregoing. As of September 30, 2010, there were 785,480,708 shares available for grant under the SCL Equity Plan.

Stock option awards are granted with an exercise price not less than (i) the closing price of SCL s stock on the date of grant or (ii) the average closing price of SCL s stock for the five business days immediately preceding the date of grant. The outstanding stock options generally vest over four years and have ten-year contractual terms. Compensation cost for all stock option grants, which all have graded vesting, is net of estimated forfeitures and is recognized on a straight-line basis over the awards respective requisite service periods. The Company estimates the fair value of stock options using the Black-Scholes option-pricing model. Expected volatilities are based on the historical volatilities from a selection of companies from SCL s peer group due to SCL s lack of historical information. The Company used the simplified method for estimating expected option life, as the options qualify as plain-vanilla options. The risk-free interest rate for periods equal to the expected term of the stock option is based on the Hong Kong Exchange Fund Note rate in effect at the time of grant.

Stock-Based Compensation Activity

Stock-based compensation activity under the LVSC 2004 and SCL Equity Plans is as follows (in thousands, except weighted average grant date fair values):

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Compensation expense:				
Stock options	$ 13,487	$ 12,062	$ 42,169	$ 32,132
Restricted shares	133	(53)	383	782
	$ 13,620	$ 12,009	$ 42,552	$ 32,914
Compensation cost capitalized as part of property and equipment	$ 659	$ 937	$ 2,187	$ 2,561
LVSC 2004 Plan:				
Stock options granted	289	1,194	4,378	8,242
Weighted average grant date fair value	$ 20.99	$ 6.41	$ 15.40	$ 3.02
Restricted shares granted	2		16	66

Weighted average grant date fair value	$ 28.90	$	$ 25.37	$ 7.38
SCL Equity Plan:				
Stock options granted	4,553		24,929	
Weighted average grant date fair value	$ 1.12	$	$ 1.05	$

The fair value of each option grant was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2010	**2009**	**2010**	**2009**
LVSC 2004 Plan:				
Weighted average volatility	89.0%	79.6%	92.7%	75.5%
Expected term (in years)	6.0	5.7	5.4	5.1
Risk-free rate	3.0%	3.1%	2.9%	2.7%
Expected dividends				
SCL Equity Plan:				
Weighted average volatility	73.3%		73.6%	
Expected term (in years)	6.3		6.2	
Risk-free rate	1.5%		2.0%	
Expected dividends				

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NOTE 9 FAIR VALUE MEASUREMENTS

Under applicable accounting guidance, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance also establishes a valuation hierarchy for inputs in measuring fair value that maximizes the use of observable inputs (inputs market participants would use based on market data obtained from sources independent of the Company) and minimizes the use of unobservable inputs (inputs that reflect the Company s assumptions based upon the best information available in the circumstances) by requiring that the most observable inputs be used when available. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the assets or liabilities, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liabilities. Categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table provides the assets carried at fair value (in thousands):

	Total Carrying Value as of September 30, 2010	Fair Value Measurements as of September 30, 2010 Using: Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents(1)	$ 1,094,958	$ 1,094,958	$	$
Interest rate caps(2)	$ 1,139	$	$ 1,139	$

(1) The Company has short-term investments classified as cash equivalents as the original maturities are less than 90 days.

(2) The Company has 34 interest rate cap agreements with an aggregate fair value of approximately $1.1 million, based on quoted

market values from the institutions holding the agreements as of September 30, 2010.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved in other litigation in addition to those noted below, arising in the normal course of business. Management has made certain estimates for potential litigation costs based upon consultation with legal counsel. Actual results could differ from these estimates; however, in the opinion of management, such litigation and claims will not have a material effect on the Company s financial condition, results of operations or cash flows.

Macau Operations

On October 15, 2004, Richard Suen and Round Square Company Limited filed an action against LVSC, Las Vegas Sands, Inc. (LVSI), Sheldon G. Adelson and William P. Weidner in the District Court of Clark County, Nevada, asserting a breach of an alleged agreement to pay a success fee of $5.0 million and 2.0% of the net profit from the Company s Macau resort operations to the plaintiffs as well as other related claims. In March 2005, LVSC was dismissed as a party without prejudice based on a stipulation to do so between the parties. Pursuant to an order filed March 16, 2006, plaintiffs fraud claims set forth in the first amended complaint were dismissed with prejudice as against all defendants. The order also dismissed with prejudice the first amended complaint against defendants Sheldon G. Adelson and William P. Weidner. On May 24, 2008, the jury returned a verdict for the plaintiffs in the amount of $43.8 million. On June 30, 2008, a judgment was entered in this matter in the amount of $58.6 million (including pre-judgment interest). The Company appealed the verdict to the Nevada Supreme Court. Oral argument on the appeal took place on September 2, 2010, and the Court has yet to issue a decision. The Company believes that it has valid bases in law and fact to overturn the verdict. As a result, the Company has concluded that it is not probable that it has incurred a loss relating to this matter. The Company believes a range of possible loss, which cannot be reasonably estimated at this time, is between zero and the amount of the judgment. Because the Company believes that this potential loss is not probable or estimable, it has not recorded any reserves or contingencies related to this legal matter. In the event that the Company s assumptions used to evaluate this matter as neither probable nor estimable change in future periods, it will be required to record a liability for an adverse outcome, which may include post judgment interest.

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On February 5, 2007, Asian American Entertainment Corporation, Limited (AAEC) filed an action against LVSI, VCR, Venetian Venture Development, William P. Weidner and David Friedman in the United States District Court for the District of Nevada (the District Court). The plaintiffs assert (i) breach of contract by LVSI, VCR and Venetian Venture Development of an agreement under which AAEC would work to obtain a gaming license in Macau and, if successful, AAEC would jointly operate a casino, hotel and related facilities in Macau with Venetian Venture Development and Venetian Venture Development would receive fees and a minority equity interest in the venture and (ii) breach of fiduciary duties by all of the defendants. The plaintiffs have requested an unspecified amount of actual, compensatory and punitive damages, and disgorgement of profits related to the Company s Macau gaming license. The Company filed a motion to dismiss on July 11, 2007. On August 1, 2007, the District Court granted the defendants motion to dismiss the complaint against all defendants without prejudice. The plaintiffs appealed this decision and subsequently, the Ninth Circuit Court of Appeals (the Circuit Court) decided that AAEC was not barred from asserting claims that the written agreement was breached prior to its expiration on January 15, 2002. The Circuit Court remanded the case back to the District Court for further proceedings on this issue and discovery has recently begun. The plaintiffs counsel filed a motion to withdraw from representing the plaintiffs on December 15, 2009, and it was granted by the Magistrate on January 12, 2010. On February 11, 2010, the Magistrate filed a recommendation that the case be dismissed in the court docket. The plaintiffs had until February 28, 2010, to file any objections thereto. None were filed and the District Court entered an order on April 16, 2010, dismissing the case. The plaintiff s did not timely file an appeal of the District Court s order dismissing the case and this matter has been closed.

On October 16, 2009, the Company received a letter from counsel to Far East Consortium International Ltd. (FEC) notifying the Company that it may pursue various claims seeking, among other things, monetary damages and an entitlement to an ownership interest in any development projects on parcel 3 in Macau, which the Company will own and operate. The Company believes such claims are based on a non-legally binding memorandum of agreement that expired by its terms in 2005. The Company intends to vigorously contest any claims or lawsuits that may be brought by FEC.

On October 20, 2010, Steven C. Jacobs, the former Chief Executive Officer of SCL, filed an action against LVSC and SCL in the District Court of Clark County, Nevada, alleging breach of contract against LVSC and SCL and breach of the implied covenant of good faith and fair dealing and tortious discharge in violation of public policy against LVSC. Mr. Jacobs is seeking unspecified damages. This action is in a preliminary stage and management has determined that it is currently unable to determine the probability of the outcome of this matter. The Company intends to vigorously defend this matter.

China Matters

The State Administration of Foreign Exchange in China (“SAFE”) regulates foreign currency exchange transactions and other business dealings in China. SAFE has made inquiries and requested and obtained documents relating to certain payments made by the Company’s wholly foreign-owned enterprises (“WFOEs”) to counterparties and other vendors in China. These WFOEs were established to conduct non-gaming marketing activities in China and to create goodwill in China and Macau for the Company’s operations in Macau. SAFE has now concluded its investigation of these matters and recently issued a preliminary penalty decision notice that it would impose a penalty of approximately 10.8 million renminbi (approximately $1.6 million at exchange rates in effect on September 30, 2010) against one of the Company’s WFOEs. SAFE’s decision will become final shortly, unless the WOFE formally contests the penalty. The Company does not believe that the WFOE’s payment of the penalty will have a material adverse effect on the Company’s financial condition, results of operations or cash flows.

Securities Litigation

On May 24, 2010, Frank J. Fosbre, Jr. filed a purported class action complaint in the United States District Court for the District of Nevada, against LVSC, Sheldon G. Adelson, and William P. Weidner. The complaint alleges that LVSC, through the individual defendants, disseminated or approved materially false information, or failed to disclose material facts, through press releases, investor conference calls and other means from August 1, 2007 through

November 6, 2008. The complaint seeks, among other relief, class certification, compensatory damages and attorneys fees and costs.

On July 21, 2010, Wendell and Shirley Combs filed a purported class action complaint in the United States District Court for the District of Nevada, against LVSC, Sheldon G. Adelson, and William P. Weidner. The complaint alleges that LVSC, through the individual defendants, disseminated or approved materially false information, or failed to disclose material facts, through press releases, investor conference calls and other means from June 13, 2007 through November 11, 2008. The complaint, which is substantially similar to the Fosbre litigation, discussed above, seeks, among other relief, class certification, compensatory damages and attorneys fees and costs.

On August 31, 2010, the Court entered an order consolidating the two cases, and appointed lead plaintiffs and lead counsel. On November 1, 2010, a purported class action amended complaint was filed in the consolidated action against LVSC, Sheldon G. Adelson and William P. Weidner. The amended complaint alleges that LVSC, through the individual defendants, disseminated or approved materially false and misleading information, or failed to disclose material facts, through press releases, investor conference calls and other means from August 2, 2007 through November 6, 2008. The amended complaint seeks, among other relief, class certification, compensatory damages and attorneys fees and costs. The defendants have until December 31, 2010, to file a responsive pleading. This action is in a preliminary stage and management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter. The Company intends to defend this matter vigorously.

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Singapore Development Project

In August 2006, the Company entered into the Development Agreement with the STB, which requires the Company to construct and operate the Marina Bay Sands in accordance with the Company s proposal for the integrated resort and in accordance with the agreement. The Company entered into the SGD 5.44 billion (approximately $4.14 billion at exchange rates in effect on September 30, 2010) Singapore Credit Facility to fund a significant portion of the construction, operating and other development costs of the Marina Bay Sands.

In December 2009, MBS signed a supplement to the Development Agreement with the STB, which permits the Marina Bay Sands to open in stages throughout 2010 in accordance with an agreed upon schedule. There are no financial consequences to MBS if it fails to meet the agreed upon schedule, provided that the entire integrated resort is opened by December 31, 2011. If MBS fails to meet this deadline, the STB will be entitled to draw on the SGD 192.6 million (approximately $146.3 million at exchange rates in effect on September 30, 2010) security deposit under the Singapore Credit Facility.

Other Agreements

The Company has entered into agreements with Starwood and Shangri-La to manage hotels on the Company s Cotai Strip parcels 5 and 6, and for Starwood to brand the serviced luxury apart-hotel units located thereon. The management agreements with Starwood and Shangri-La impose certain construction and opening obligations and deadlines on the Company, and certain past and/or anticipated delays may allow Starwood and Shangri-La to terminate their respective agreements. The Company is mobilizing to recommence construction on parcels 5 and 6 and is negotiating (or undertaking to negotiate) amendments to its management agreements with Starwood and Shangri-La to provide for new opening timelines. If negotiations are unsuccessful and Starwood and Shangri-La exercise their rights to terminate their agreements, the Company would have to find new managers and brands for these projects. The Company s agreement with Starwood related to the Las Vegas Condo Tower has been terminated in connection with the suspension of the project and management is currently evaluating alternatives for branding the project. If the Company has to find new managers and brands in Macau or is unsuccessful in rebranding its Las Vegas Condo Tower, such measures could have a material adverse effect on the Company s financial condition, results of operations and cash flows.

NOTE 11 SEGMENT INFORMATION

The Company s principal operating and developmental activities occur in three geographic areas: United States, Macau and Singapore. The Company reviews the results of operations for each of its key operating segments: The Venetian Las Vegas, which includes the Sands Expo Center; The Palazzo; Sands Bethlehem; Sands Macao; The Venetian Macao; Four Seasons Macao; Other Asia (comprised primarily of the Company s ferry operations and various other operations that are ancillary to the Company s properties in Macau); and Marina Bay Sands. The Company also reviews construction and development activities for each of its primary projects: The Venetian Las Vegas; The Palazzo; Sands Bethlehem; Sands Macao; The Venetian Macao; Four Seasons Macao; Other Asia; Marina Bay Sands; Other Development Projects (on Cotai Strip parcels 3, 5 and 6, and 7 and 8); and Corporate and Other (comprised primarily of airplanes and the Las Vegas Condo Tower). The Venetian Las Vegas and The Palazzo operating segments are managed as a single integrated resort and have been aggregated as one reportable segment (the Las Vegas Operating Properties), considering their similar economic characteristics, types of customers, types of service and products, the regulatory business environment of the operations within each segment and the Company s organizational and management reporting structure. The information for the three and nine months ended September 30, 2009, has been reclassified to conform to the current presentation. The Company s segment information as of September 30, 2010 and December 31, 2009, and for the three and nine months ended September 30, 2010 and 2009, is as follows (in thousands):

	Three Months Ended September 30,	Nine Months Ended September 30,

	2010	2009	2010	2009
Revenues:				
Macau:				
The Venetian Macao	$ 620,745	$ 494,014	$ 1,751,472	$ 1,421,722
Sands Macao	288,235	280,793	874,253	739,403
Four Seasons Macao	160,367	67,052	406,807	162,743
Other Asia	28,403	21,131	80,961	64,170
	1,097,750	862,990	3,113,493	2,388,038
United States:				
Las Vegas Operating Properties	290,690	228,993	902,419	839,571
Sands Bethlehem	82,843	62,994	218,708	95,705
	373,533	291,987	1,121,127	935,276
Singapore	485,886		702,279	
Intersegment eliminations	(48,397)	(13,833)	(98,763)	(44,408)
Net revenues	$ 1,908,772	$ 1,141,144	$ 4,838,136	$ 3,278,906

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	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Adjusted Property EBITDA(1)				
Macau:				
The Venetian Macao	$ 211,496	$ 150,389	$ 574,240	$ 381,849
Sands Macao	74,103	77,115	225,076	188,522
Four Seasons Macao	48,962	10,152	101,456	20,083
Other Asia	(5,563)	(8,088)	(16,149)	(23,989)
	328,998	229,568	884,623	566,465
United States:				
Las Vegas Operating Properties	58,271	34,452	229,555	202,336
Sands Bethlehem	16,361	8,323	39,450	11,160
	74,632	42,775	269,005	213,496
Singapore	241,589		336,055	
Total adjusted property EBITDA	645,219	272,343	1,489,683	779,961
Other Operating Costs and Expenses				
Stock-based compensation expense	(8,309)	(8,423)	(22,880)	(21,701)
Corporate expense	(28,686)	(17,519)	(78,116)	(105,250)
Rental expense	(9,186)	(6,691)	(30,690)	(22,497)
Pre-opening expense	(10,107)	(28,855)	(97,684)	(115,619)
Development expense	(425)	(80)	(1,258)	(344)
Depreciation and amortization	(186,738)	(148,677)	(510,521)	(431,559)
Impairment loss	(16,057)		(16,057)	(151,175)
Gain (loss) on disposal of assets	(2,406)	284	(40,577)	(4,500)
Operating income (loss)	383,305	62,382	691,900	(72,684)
Other Non-Operating Costs and Expenses				
Interest income	2,661	1,599	6,367	9,840
Interest expense, net of amounts capitalized	(76,723)	(88,514)	(231,875)	(224,503)
Other income (expense)	6,444	(1,564)	(6,205)	(6,534)
Loss on modification or early retirement of debt	(21,692)	(204)	(18,555)	(204)
Income tax expense	(25,161)	(54,316)	(46,436)	(641)
Net (income) loss attributable to noncontrolling interests	(54,337)	4,111	(121,311)	7,674
Net income (loss) attributable to Las Vegas Sands Corp.	$ 214,497	$ (76,506)	$ 273,885	$ (287,052)

(1)

Adjusted property EBITDA is net income (loss) attributable to Las Vegas Sands Corp. before stock-based compensation expense, corporate expense, rental expense, pre-opening expense, development expense, depreciation and amortization, impairment loss, gain (loss) on disposal of assets, interest, other income (expense), loss on modification or early retirement of debt, income tax expense and net (income) loss attributable to noncontrolling interests. Adjusted property EBITDA is used by management as the primary measure of operating performance of the Company s properties and to compare the operating performance of the Company s properties with that of its competitors.

	Three Months Ended	Nine Months Ended

	September 30,		September 30,	
	2010	2009	2010	2009
Intersegment Revenues				
Macau:				
The Venetian Macao	$ 1,535	$ 434	$ 6,701	$ 1,277
Other Asia	17,942	12,501	48,376	40,161
	19,477	12,935	55,077	41,438
Las Vegas Operating Properties	28,872	898	43,234	2,970
Singapore	48		452	
Total intersegment revenues	$ 48,397	$ 13,833	$ 98,763	$ 44,408

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	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Capital Expenditures		
Corporate and Other	$ 9,746	$ 31,527
Macau:		
The Venetian Macao	35,618	12,700
Sands Macao	2,500	5,556
Four Seasons Macao	29,348	206,546
Other Asia	2,524	23,696
Other Development Projects	200,292	70,084
	270,282	318,582
United States:		
Las Vegas Operating Properties	16,076	58,065
Sands Bethlehem	34,077	212,529
	50,153	270,594
Singapore	1,320,083	918,375
Total capital expenditures	$ 1,650,264	$ 1,539,078

	September 30, 2010	December 31, 2009
Total Assets		
Corporate and Other	$ 1,432,307	$ 1,849,596
Macau:		
The Venetian Macao	2,980,826	2,886,763
Sands Macao	494,374	527,737
Four Seasons Macao	1,161,721	1,151,028
Other Asia	350,846	328,584
Other Development Projects	3,108,406	2,035,864
	8,096,173	6,929,976
United States:		
Las Vegas Operating Properties	3,944,719	6,893,106
Sands Bethlehem	742,075	737,062
	4,686,794	7,630,168
Singapore	6,032,723	4,162,366
Total assets	$ 20,247,997	$ 20,572,106

	September 30, 2010	December 31, 2009
Total Long-Lived Assets		
Corporate and Other	$ 309,374	$ 324,268
Macau:		
The Venetian Macao	2,192,602	2,324,882
Sands Macao	324,672	355,170
Four Seasons Macao	1,032,310	1,047,201
Other Asia	267,388	276,559
Other Development Projects	2,157,546	2,022,861
	5,974,518	6,026,673
United States:		
Las Vegas Operating Properties	3,478,696	3,642,405
Sands Bethlehem	605,690	610,846
	4,084,386	4,253,251
Singapore	5,355,134	3,956,899
Total long-lived assets	$ 15,723,412	$ 14,561,091

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NOTE 12 CONDENSED CONSOLIDATING FINANCIAL INFORMATION

LVSC is the obligor of the Senior Notes due 2015. LVSLLC, VCR, Mall Intermediate Holding Company, LLC, Venetian Venture Development, Venetian Transport, LLC, Venetian Marketing, Inc., Lido Intermediate Holding Company, LLC and Lido Casino Resort Holding Company, LLC (collectively, the Original Guarantors), have jointly and severally guaranteed the Senior Notes on a full and unconditional basis. Effective May 2007, in conjunction with entering into the Senior Secured Credit Facility, LVSC, the Original Guarantors and the trustee entered into a supplemental indenture related to the Senior Notes, whereby the following subsidiaries were added as full and unconditional guarantors on a joint and several basis: Sands Expo & Convention Center, Inc. (formerly Interface Group-Nevada, Inc.), Palazzo Condo Tower, LLC, Sands Pennsylvania, Inc., Phase II Mall Holding, LLC and Phase II Mall Subsidiary, LLC (collectively with the Original Guarantors, the Guarantor Subsidiaries). LVS (Nevada) International Holdings, Inc. (LVS Nevada) and LVS Management Services, LLC, newly formed subsidiaries, were added in September 2009 as full and unconditional guarantors to the Senior Notes on a joint and several basis, and have been included in the group of subsidiaries that is the Guarantor Subsidiaries. In November 2009, Venetian Venture Development was merged with and into LVS Nevada, with LVS Nevada as the surviving entity. The voting stock of all entities included as Guarantor Subsidiaries is 100% owned directly or indirectly by Las Vegas Sands Corp. The noncontrolling interest amount included in the Guarantor Subsidiaries condensed consolidating balance sheets is related to non-voting preferred stock of one of the subsidiaries held by third parties.

In February 2008, all of the capital stock of Phase II Mall Subsidiary, LLC was sold to GGP and in connection therewith, it was released as a guarantor under the Senior Notes. The sale is not complete from an accounting perspective due to the Company s continuing involvement in the transaction related to the completion of construction on the remainder of The Shoppes at The Palazzo, certain activities to be performed on behalf of GGP and the uncertainty of the final sales price. Certain of the assets, liabilities, operating results and cash flows related to the ownership and operation of the mall by Phase II Mall Subsidiary, LLC subsequent to the sale will continue to be accounted for by the Guarantor Subsidiaries until the final sales price has been determined, and therefore are included in the Guarantor Subsidiaries columns in the following condensed consolidating financial information. As a result, net assets of $38.0 million (consisting of $282.1 million of property and equipment, offset by $244.1 million of liabilities consisting primarily of deferred proceeds from the sale) and $47.0 million (consisting of $291.1 million of property and equipment, offset by $244.1 million of liabilities consisting primarily of deferred proceeds from the sale) as of September 30, 2010 and December 31, 2009, respectively, and a net loss (consisting primarily of depreciation expense) of $2.5 million and $9.9 million for the three and nine months ended September 30, 2010, respectively, and $2.7 million and $8.9 million for the three and nine months ended September 30, 2009, respectively, related to the mall and are being accounted for by the Guarantor Subsidiaries. These balances and amounts are not collateral for the Senior Notes and should not be considered as credit support for the guarantees of the Senior Notes.

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The condensed consolidating financial information of LVSC, the Guarantor Subsidiaries and the non-guarantor subsidiaries on a combined basis as of September 30, 2010 and December 31, 2009, and for the three and nine months ended September 30, 2010 and 2009, is as follows (in thousands):

Condensed Consolidating Balance Sheets
September 30, 2010

	Las Vegas Sands Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Entries	Total
Cash and cash equivalents	$ 837,361	$ 351,174	$ 1,206,177	$	$ 2,394,712
Restricted cash		1,860	201,827		203,687
Intercompany receivables		97,149	17,897	(115,046)	
Accounts receivable, net	3,245	143,442	472,680	(369)	618,998
Inventories	2,271	9,586	15,894		27,751
Deferred income taxes, net		22,729	18,191	(13,989)	26,931
Prepaid expenses and other	3,738	6,439	31,304		41,481
Total current assets	846,615	632,379	1,963,970	(129,404)	3,313,560
Property and equipment, net	134,871	3,617,733	10,719,261		14,471,865
Investments in subsidiaries	5,922,534	4,706,875		(10,629,409)	
Deferred financing costs, net	807	31,202	134,307		166,316
Restricted cash		4,935	751,124		756,059
Intercompany receivables	32,645	87,661		(120,306)	
Intercompany notes receivable		605,977		(605,977)	
Deferred income taxes, net	82,431			(65,576)	16,855
Leasehold interests in land, net			1,251,547		1,251,547
Intangible assets, net	590		91,145		91,735
Other assets, net	1,803	30,018	148,239		180,060
Total assets	$ 7,022,296	$ 9,716,780	$ 15,059,593	$ (11,550,672)	$ 20,247,997
Accounts payable	$ 4,770	$ 23,914	$ 72,848	$ (369)	$ 101,163
Construction payables		1,860	569,337		571,197
Intercompany payables	58,656		56,390	(115,046)	
Accrued interest payable	1,603	1,026	12,388		15,017
Other accrued liabilities	15,041	175,404	857,630		1,048,075
Income taxes payable	4,741		3,310		8,051
Deferred income taxes	13,989			(13,989)	
Current maturities of long-term debt	3,688	30,600	538,170		572,458
Total current liabilities	102,488	232,804	2,110,073	(129,404)	2,315,961
Other long-term liabilities	29,083	11,013	34,164		74,260

Intercompany payables	34,339		85,967	(120,306)	
Intercompany notes payable			605,977	(605,977)	
Deferred income taxes		66,143	44,195	(65,576)	44,762
Deferred amounts related to mall transactions		443,404			443,404
Long-term debt	264,605	2,877,595	6,425,191		9,567,391
Total liabilities	430,515	3,630,959	9,305,567	(921,263)	12,445,778
Preferred stock issued to Principal Stockholder s family	480,242				480,242
Total Las Vegas Sands Corp. stockholders equity	6,111,539	6,085,416	4,543,993	(10,629,409)	6,111,539
Noncontrolling interests		405	1,210,033		1,210,438
Total equity	6,111,539	6,085,821	5,754,026	(10,629,409)	7,321,977
Total liabilities and equity	$ 7,022,296	$ 9,716,780	$ 15,059,593	$ (11,550,672)	$ 20,247,997

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)
Condensed Consolidating Balance Sheets
December 31, 2009

	Las Vegas Sands Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Entries	Total
Cash and cash equivalents	$ 254,256	$ 3,033,625	$ 1,667,535	$	$ 4,955,416
Restricted cash		6,954	111,687		118,641
Intercompany receivables		101,485	27,646	(129,131)	
Accounts receivable, net	727	152,151	309,547	(1,659)	460,766
Inventories	1,906	12,332	12,835		27,073
Deferred income taxes, net		29,117	1,992	(4,667)	26,442
Prepaid expenses and other	11,410	5,251	18,675		35,336
Total current assets	268,299	3,340,915	2,149,917	(135,457)	5,623,674
Property and equipment, net	140,684	3,786,061	9,424,526		13,351,271
Investment in subsidiaries	6,242,214	4,117,915		(10,360,129)	
Deferred financing costs, net	1,095	37,850	99,509		138,454
Intercompany receivables	34,029	85,725		(119,754)	
Intercompany notes receivable		500,518		(500,518)	
Deferred income taxes, net	48,362		243	(26,386)	22,219
Leasehold interests in land, net			1,209,820		1,209,820
Intangible assets, net			50,129		50,129
Other assets, net	2,338	27,555	146,646		176,539
Total assets	$ 6,737,021	$ 11,896,539	$ 13,080,790	$ (11,142,244)	$ 20,572,106
Accounts payable	$ 4,229	$ 21,353	$ 58,772	$ (1,659)	$ 82,695
Construction payables		9,172	769,599		778,771
Intercompany payables	59,029		70,102	(129,131)	
Accrued interest payable	6,074	351	11,907		18,332
Other accrued liabilities	6,470	170,706	609,016		786,192
Deferred income taxes	4,667			(4,667)	
Current maturities of long-term debt	3,688	81,374	88,253		173,315
Total current liabilities	84,157	282,956	1,607,649	(135,457)	1,839,305
Other long-term liabilities	48,907	10,621	22,431		81,959
Intercompany payables	15,166		104,588	(119,754)	
Intercompany notes payable			500,518	(500,518)	
Deferred income taxes		26,386		(26,386)	
Deferred amounts related to mall transactions		447,274			447,274

Long-term debt	327,258	4,739,753	5,785,136		10,852,147
Total liabilities	475,488	5,506,990	8,020,322	(782,115)	13,220,685
Preferred stock issued to Principal Stockholder s family	410,834				410,834
Total Las Vegas Sands Corp. stockholders equity	5,850,699	6,389,144	3,970,985	(10,360,129)	5,850,699
Noncontrolling interests		405	1,089,483		1,089,888
Total equity	5,850,699	6,389,549	5,060,468	(10,360,129)	6,940,587
Total liabilities and equity	$ 6,737,021	$ 11,896,539	$ 13,080,790	$ (11,142,244)	$ 20,572,106

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)
Condensed Consolidating Statements of Operations
For the Three Months Ended September 30, 2010

	Las Vegas Sands Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Entries	Total
Revenues:					
Casino	$	$ 116,554	$ 1,457,297	$	$ 1,573,851
Rooms		105,649	102,511		208,160
Food and beverage		34,304	82,882		117,186
Convention, retail and other		63,501	115,858	(32,180)	147,179
		320,008	1,758,548	(32,180)	2,046,376
Less-promotional allowances	(128)	(39,908)	(96,626)	(942)	(137,604)
Net revenues	(128)	280,100	1,661,922	(33,122)	1,908,772
Operating expenses:					
Casino		73,740	809,234	(796)	882,178
Rooms		24,218	12,648		36,866
Food and beverage		15,144	37,141	(1,379)	50,906
Convention, retail and other		18,206	56,582	(4,185)	70,603
Provision for doubtful accounts		5,681	32,152		37,833
General and administrative		62,389	131,400	(313)	193,476
Corporate expense	24,931	47	30,141	(26,433)	28,686
Rental expense			9,186		9,186
Pre-opening expense	178	3	9,942	(16)	10,107
Development expense	425				425
Depreciation and amortization	3,295	55,345	128,098		186,738
Impairment loss			16,057		16,057
Loss on disposal of assets		322	2,084		2,406
	28,829	255,095	1,274,665	(33,122)	1,525,467
Operating income (loss)	(28,957)	25,005	387,257		383,305
Other income (expense):					
Interest income	1,174	23,131	1,151	(22,795)	2,661
Interest expense, net of amounts capitalized	(3,505)	(26,172)	(69,841)	22,795	(76,723)
Other income (expense)	(1,500)	725	7,219		6,444
Loss on modification or early retirement of debt		(21,692)			(21,692)
Income from equity investments in subsidiaries	240,507	213,614		(454,121)	

Income before income taxes	207,719	214,611	325,786	(454,121)	293,995
Income tax benefit (expense)	6,778	3,285	(35,224)		(25,161)
Net income	214,497	217,896	290,562	(454,121)	268,834
Net income attributable to noncontrolling interests			(54,337)		(54,337)
Net income attributable to Las Vegas Sands Corp.	$ 214,497	$ 217,896	$ 236,225	$ (454,121)	$ 214,497

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)
Condensed Consolidating Statements of Operations
For the Three Months Ended September 30, 2009

	Las Vegas Sands Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Entries	Total
Revenues:					
Casino	$	$ 99,015	$ 809,240	$	$ 908,255
Rooms		98,619	57,054		155,673
Food and beverage		29,209	45,248		74,457
Convention, retail and other		33,016	67,922	(5,334)	95,604
		259,859	979,464	(5,334)	1,233,989
Less-promotional allowances	(140)	(40,751)	(51,246)	(708)	(92,845)
Net revenues	(140)	219,108	928,218	(6,042)	1,141,144
Operating expenses:					
Casino		65,769	533,854	(689)	598,934
Rooms		22,284	5,812		28,096
Food and beverage		13,000	25,936	(1,552)	37,384
Convention, retail and other		16,301	43,563	(3,515)	56,349
Provision for doubtful accounts		12,524	16,748		29,272
General and administrative		58,478	68,997	(286)	127,189
Corporate expense	15,205	51	2,263		17,519
Rental expense		74	6,617		6,691
Pre-opening expense	178	1	28,676		28,855
Development expense	87		(7)		80
Depreciation and amortization	3,064	57,215	88,398		148,677
(Gain) loss on disposal of assets		3	(287)		(284)
	18,534	245,700	820,570	(6,042)	1,078,762
Operating income (loss)	(18,674)	(26,592)	107,648		62,382
Other income (expense):					
Interest income	1,875	17,499	196	(17,971)	1,599
Interest expense, net of amounts capitalized	(4,566)	(31,287)	(70,632)	17,971	(88,514)
Other income (expense)		194	(1,758)		(1,564)
Loss on modification of debt			(204)		(204)
Income from equity investments in subsidiaries	14,889	38,825		(53,714)	
	(6,476)	(1,361)	35,250	(53,714)	(26,301)

Income (loss) before income taxes										
Income tax benefit (expense)		(70,030)		16,250		(536)				(54,316)
Net income (loss)		(76,506)		14,889		34,714		(53,714)		(80,617)
Net loss attributable to noncontrolling interests						4,111				4,111
Net income (loss) attributable to Las Vegas Sands Corp.	$	(76,506)	$	14,889	$	38,825	$	(53,714)	$	(76,506)

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)
Condensed Consolidating Statements of Operations
For the Nine Months Ended September 30, 2010

	Las Vegas Sands Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Entries	Total
Revenues:					
Casino	$	$ 374,801	$ 3,555,121	$	$ 3,929,922
Rooms		345,885	233,824		579,709
Food and beverage		119,099	195,245		314,344
Convention, retail and other		158,593	264,010	(51,943)	370,660
		998,378	4,248,200	(51,943)	5,194,635
Less-promotional allowances	(375)	(131,352)	(222,500)	(2,272)	(356,499)
Net revenues	(375)	867,026	4,025,700	(54,215)	4,838,136
Operating expenses:					
Casino		228,572	2,141,160	(1,972)	2,367,760
Rooms		72,469	28,125	(1)	100,593
Food and beverage		51,481	96,127	(4,601)	143,007
Convention, retail and other		56,043	148,597	(10,307)	194,333
Provision for doubtful accounts		23,376	49,610		72,986
General and administrative		182,424	311,081	(851)	492,654
Corporate expense	67,238	179	47,132	(36,433)	78,116
Rental expense			30,690		30,690
Pre-opening expense	535	6	97,193	(50)	97,684
Development expense	1,258				1,258
Depreciation and amortization	9,331	171,475	329,715		510,521
Impairment loss			16,057		16,057
Loss on disposal of assets		9,026	31,551		40,577
	78,362	795,051	3,327,038	(54,215)	4,146,236
Operating income (loss)	(78,737)	71,975	698,662		691,900
Other income (expense):					
Interest income	2,493	65,164	2,507	(63,797)	6,367
Interest expense, net of amounts capitalized	(11,669)	(82,880)	(201,123)	63,797	(231,875)
Other income (expense)	(1,500)	454	(5,159)		(6,205)
Gain (loss) on modification or early retirement of debt	3,358	(21,692)	(221)		(18,555)
Income from equity investments in subsidiaries	376,674	322,268		(698,942)	

Income before income taxes		290,619		355,289		494,666		(698,942)		441,632
Income tax benefit (expense)		(16,734)		2,555		(32,257)				(46,436)
Net income		273,885		357,844		462,409		(698,942)		395,196
Net income attributable to noncontrolling interests						(121,311)				(121,311)
Net income attributable to Las Vegas Sands Corp.	$	273,885	$	357,844	$	341,098	$	(698,942)	$	273,885

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)
Condensed Consolidating Statements of Operations
For the Nine Months Ended September 30, 2009

	Las Vegas Sands Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Entries	Total
Revenues:					
Casino	$	$ 347,902	$ 2,156,331	$	$ 2,504,233
Rooms		334,389	157,641		492,030
Food and beverage		120,492	128,360		248,852
Convention, retail and other		119,511	196,430	(10,965)	304,976
		922,294	2,638,762	(10,965)	3,550,091
Less-promotional allowances	(484)	(124,039)	(144,424)	(2,238)	(271,185)
Net revenues	(484)	798,255	2,494,338	(13,203)	3,278,906
Operating expenses:					
Casino		210,468	1,471,720	(1,881)	1,680,307
Rooms		73,816	19,571		93,387
Food and beverage		51,482	78,159	(4,796)	124,845
Convention, retail and other		55,903	128,563	(5,640)	178,826
Provision for doubtful accounts		37,239	33,750		70,989
General and administrative		180,408	192,770	(886)	372,292
Corporate expense	96,217	182	8,851		105,250
Rental expense		2,895	19,602		22,497
Pre-opening expense	832	96	114,691		115,619
Development expense	243		101		344
Depreciation and amortization	8,378	170,711	252,470		431,559
Impairment loss		151,175			151,175
(Gain) loss on disposal of assets		(107)	4,607		4,500
	105,670	934,268	2,324,855	(13,203)	3,351,590
Operating income (loss)	(106,154)	(136,013)	169,483		(72,684)
Other income (expense):					
Interest income	9,046	28,290	506	(28,002)	9,840
Interest expense, net of amounts capitalized	(13,993)	(90,380)	(148,132)	28,002	(224,503)
Other income (expense)		659	(7,193)		(6,534)
Loss on modification of debt			(204)		(204)
Income (loss) from equity investments in subsidiaries	(97,299)	21,608		75,691	

Income (loss) before income taxes	(208,400)	(175,836)	14,460	75,691	(294,085)
Income tax benefit (expense)	(78,652)	78,537	(526)		(641)
Net income (loss)	(287,052)	(97,299)	13,934	75,691	(294,726)
Net loss attributable to noncontrolling interests			7,674		7,674
Net income (loss) attributable to Las Vegas Sands Corp.	$ (287,052)	$ (97,299)	$ 21,608	$ 75,691	$ (287,052)

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)
Condensed Consolidating Statements of Cash Flows
For the Nine Months Ended September 30, 2010

	Las Vegas Sands Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Entries	Total
Net cash generated from (used in) operating activities	$ (86,402)	$ 243,909	$ 1,050,491	$	$ 1,207,998
Cash flows from investing activities:					
Changes in restricted cash		159	(836,964)		(836,805)
Capital expenditures	(5,261)	(20,308)	(1,624,695)		(1,650,264)
Proceeds from disposal of property and equipment		823	5,128		5,951
Purchases of investments			(173,774)		(173,774)
Proceeds from investments			173,774		173,774
Acquisition of gaming license and certificate and other intangible assets	(590)		(44,009)		(44,599)
Notes receivable to non-guarantor subsidiaries		(43,312)		43,312	
Dividends from Guarantor Subsidiaries	5,265,485			(5,265,485)	
Dividends from non-guarantor subsidiaries		41,100		(41,100)	
Capital contributions to subsidiaries	(4,467,037)	(16,537)		4,483,574	
Net cash generated from (used in) investing activities	792,597	(38,075)	(2,500,540)	(779,699)	(2,525,717)
Cash flows from financing activities:					
Proceeds from exercise of stock options	6,396				6,396
Proceeds from exercise of warrants	5				5
Dividends paid to preferred stockholders	(70,050)				(70,050)
Dividends paid to Las Vegas Sands Corp.		(5,265,485)		5,265,485	
Dividends paid to Guarantor Subsidiaries			(41,100)	41,100	
Capital contributions received		4,300,037	183,537	(4,483,574)	

Borrowings from Guarantor Subsidiaries			43,312	(43,312)	
Proceeds from VOL credit facility			751,169		751,169
Proceeds from Singapore credit facility			647,988		647,988
Repayments on senior secured credit facility		(1,803,090)			(1,803,090)
Repayments on Macau credit facility			(524,701)		(524,701)
Repayments on senior notes	(56,675)				(56,675)
Repayments on ferry financing			(26,331)		(26,331)
Repayments on airplane financings	(2,766)				(2,766)
Repayments on HVAC equipment lease		(1,293)			(1,293)
Repayments on FF&E facility and other long-term debt		(108,549)	(1,197)		(109,746)
Payments of deferred financing costs		(9,905)	(55,918)		(65,823)
Net cash generated from (used in) financing activities	(123,090)	(2,888,285)	976,759	779,699	(1,254,917)
Effect of exchange rate on cash			11,932		11,932
Increase (decrease) in cash and cash equivalents	583,105	(2,682,451)	(461,358)		(2,560,704)
Cash and cash equivalents at beginning of period	254,256	3,033,625	1,667,535		4,955,416
Cash and cash equivalents at end of period	$ 837,361	$ 351,174	$ 1,206,177	$	$ 2,394,712

LAS VEGAS SANDS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
(UNAUDITED)
Condensed Consolidating Statements of Cash Flows
For the Nine Months Ended September 30, 2009

	Las Vegas Sands Corp.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating/ Eliminating Entries	Total
Net cash generated from (used in) operating activities	$ 66,743	$ (49,051)	$ 514,727	$	$ 532,419
Cash flows from investing activities:					
Change in restricted cash		(711)	(34,683)		(35,394)
Capital expenditures	(3,322)	(86,242)	(1,449,514)		(1,539,078)
Proceeds from disposal of property and equipment	60	1,687	2,147		3,894
Dividends received from Guarantor Subsidiaries	4,651,977			(4,651,977)	
Dividends received from non-guarantor subsidiaries		11,406		(11,406)	
Notes receivable to non-guarantor subsidiaries	(20,000)			20,000	
Intercompany receivables to non-guarantor subsidiaries	(57,000)	(125,537)		182,537	
Repayments of receivable from non-guarantor subsidiaries	385,000	216,537		(601,537)	
Capital contributions to subsidiaries	(5,243,581)	(135,022)		5,378,603	
Net cash used in investing activities	(286,866)	(117,882)	(1,482,050)	316,220	(1,570,578)
Cash flows from financing activities:					
Dividends paid to preferred stockholders	(71,347)				(71,347)
Purchase of treasury stock	(13)				(13)
Capital contributions received		5,243,581	135,022	(5,378,603)	
Dividends paid to Las Vegas Sands Corp.		(4,651,977)		4,651,977	
Dividends paid to Guarantor Subsidiaries			(11,406)	11,406	
Borrowings from Las Vegas Sands Corp.			77,000	(77,000)	
			125,537	(125,537)	

Borrowings from Guarantor Subsidiaries					
Repayments on borrowings from Las Vegas Sands Corp.			(385,000)	385,000	
Repayments on borrowings from Guarantor Subsidiaries			(216,537)	216,537	
Proceeds from Singapore credit facility			824,986		824,986
Proceeds from exchangeable bonds			600,000		600,000
Proceeds from ferry financing			9,888		9,888
Repayments on Macau credit facility			(150,074)		(150,074)
Repayments on senior secured credit facility		(30,000)			(30,000)
Repayments on Singapore permanent facilities			(18,223)		(18,223)
Repayments on FF&E facility and other long-term debt		(25,471)	(791)		(26,262)
Repayments on airplane financings	(2,766)				(2,766)
Contribution from noncontrolling interest			41		41
Payments of deferred financing costs		(2,880)	(41,879)		(44,759)
Net cash generated from (used in) financing activities	(74,126)	533,253	948,564	(316,220)	1,091,471
Effect of exchange rate on cash			370		370
Increase (decrease) in cash and cash equivalents					

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	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(2)
D. A. Golden	1,334			39.84	11/01/20				
	1,733	1,734(3)		38.30	10/31/21				
		12,099(5)		69.73	2/27/23				
		1,345(5)		69.73	2/27/23				
								10,213	$ 824,189

(1) Number of shares of common stock to be paid under outstanding performance shares, based upon actual performance through 2013, for 2012-2014 and 2013-2015 performance periods. See Compensation Discussion and Analysis for a description of how performance share payouts are determined. If earned, the awards will be paid after the end of the performance period in unrestricted shares of Eastman common stock (subject to proration if the executive s employment is terminated during the performance period because of retirement, death, or disability, and to cancellation in the event of resignation or termination for cause).

(2) Value of shares of common stock to be paid under outstanding performance shares, based upon actual performance through 2013, for 2012-2014 and 2013-2015 performance periods, assuming a market value equal to the closing price of the Company s common stock on the New York Stock Exchange on December 31, 2013.

(3) Option becomes exercisable on November 1, 2014.

(4) Option becomes exercisable on November 2, 2014, subject to the Compensation Committee s determination of Mr. Rogers s satisfactory performance in the area of management and leadership development of internal candidates for senior leadership positions.

(5) Option becomes exercisable as to one-third of the shares on each of February 28, 2014, February 28, 2015, and February 28, 2016.

The following table summarizes aggregate values realized upon exercise of options and payouts of vested stock for 2013 for the individuals named in the Summary Compensation Table.

2013 Option Exercises and Stock Vested

	Option Awards(1)		Stock Awards(2)	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting($)
J. P. Rogers	0	0	202,400	$ 17,070,416
C. E. Espeland	0	0	82,800	6,869,502
M. J. Costa	76,400	3,561,581	62,480	5,269,563
R. C. Lindsay	76,600	4,012,106	62,480	5,269,563

D. A. Golden	0	0	9,400	744,921

(1) Represents number of shares and aggregate value realized upon exercise of options during 2013.

(2) Represents the number of shares received by each named executive officer upon payout under 2011-2013 performance shares award and by Messrs. Espeland and Golden upon vesting and payout of restricted stock units, and the aggregate value of such shares of common stock (including dividend equivalent payments) based upon the per share closing price of the common stock on the New York Stock Exchange on the payout date.

The following table summarizes the portion of post-employment benefits payable to the individuals named in the Summary Compensation Table from Company pension plans as of December 31, 2013.

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Pension Benefits

Name	Plan Name (1)(2)	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit ($)(3)	Payments During Last Year($)
J. P. Rogers	ERAP	14	$ 269,762	$ 0
	ERIP/URIP	14	3,181,688	0
C. E. Espeland	ERAP	18	209,284	0
	ERIP/URIP	18	729,782	0
M. J. Costa	ERAP	8	74,940	0
	ERIP/URIP	8	374,642	0
R. C. Lindsay	ERAP	34	596,403	0
	ERIP/URIP	34	1,478,004	0
D. A. Golden	ERAP	19	210,175	0
	ERIP/URIP	19	265,828	0

(1) The Eastman Retirement Assistance Plan (ERAP) is a tax-qualified, non-contributory defined benefit pension plan that generally covers employees who became employed with us on or before December 31, 2006. A participant s total ERAP benefit consists of his or her Pre-2000 Benefit and Pension Equity Benefit, as described below:

Pre-2000 Benefit. Prior to 2000, the ERAP used a traditional pension formula which gave each participant a life annuity commencing at age 65. A participant is eligible for an unreduced Pre-2000 Benefit when such participant s aggregate age plus years of eligible service totals 85, or at age 65. At retirement, the actuarial present value of the future annual Pre-2000 Benefit payments may at the election of the participant be paid in a lump sum. Benefits earned during 1998 and 1999, upon the election of the participant, may be payable over five years. The Pre-2000 Benefits payable upon retirement are based upon the participant s years of service with the Company and average participating compensation, which is the average of three years of those earnings described in the ERAP as participating compensation. Participating compensation, in the case of the named executive officers consists of salary, bonus, and non-equity incentive plan compensation, including an allowance in lieu of salary for authorized periods of absence, such as illness, vacation, and holidays. To the extent that any participant s annual Pre-2000 Benefit exceeds the amount payable under the ERAP, such excess will be paid from one or more unfunded, supplementary plans.

Pension Equity Benefit. Effective January 1, 2000, the Company redesigned the ERAP to use a pension equity formula. Under the pension equity formula, beginning January 1, 2000, a participant earns a certain percentage of final average earnings each year based upon age and total service with the Company. When a participant terminates employment, he or she is entitled to a pension amount, payable over five years. The amount may also be converted to various forms of annuities. To the extent that any participant s Pension Equity Benefit exceeds the amount payable under the ERAP, such excess will be paid from one or more unfunded, supplementary plans.

(2) The Company maintains two unfunded, nonqualified plans, the Unfunded Retirement Income Plan (URIP) and the Excess Retirement Income Plan (ERIP). The ERIP and the URIP will restore to participants in the ERAP benefits that cannot be paid under the ERAP because of applicable tax law limits, and benefits that are not accrued under the ERAP because of a voluntary deferral by the participant of compensation that would otherwise be counted for benefit calculation under the ERAP. The Company has established a Rabbi Trust to provide a degree of financial security for the participants unfunded account balances under the ERIP and URIP. See Termination and Change-in-Control Arrangements Benefit Security Trust.

(3) Actuarial present value of the accumulated benefit, computed as of the same pension plan measurement date used for financial statement reporting purposes with respect to the Company s audited financial statements for 2013. The actuarial present value calculation is based on the IRS 2014 Prescribed 417(e)(3)-Unisex post-retirement mortality tables, and assumes individual compensation and service through December 31, 2013, with benefit commencement at normal retirement age of 65. Benefits are discounted using a 4.76 % discount rate.

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The following table is a summary of participation by the individuals named in the Summary Compensation Table in the Executive Deferred Compensation Plan (the EDCP), an unfunded, nonqualified deferred compensation plan into which executive officers and other management-level employees can defer compensation until retirement or termination from the Company. Annual base and incentive cash compensation, stock and stock-based awards which are payable in cash and allowed to be deferred, and special compensation payable in connection with the employee s initial employment with the Company, may be deferred into the EDCP. Compensation deferred into the EDCP is credited at the election of the employee to multiple hypothetical investment alternatives, including an Eastman stock fund. Amounts deferred into the Eastman stock account increase or decrease in value depending on the market price of Eastman common stock. When cash dividends are declared on Eastman common stock, each stock account receives a dividend equivalent which is used to hypothetically purchase additional shares. Upon retirement or termination of employment, the value of a participant s EDCP account is paid, in cash, in a single lump sum or in up to ten annual installments as elected in advance by the participant. The EDCP also provides for early withdrawal by a participant of amounts in his or her EDCP account in certain limited circumstances.

All amounts in the following table have been previously earned by the named executives and reported by the Company in this proxy statement and in annual meeting proxy statements for previous years, and are not new or additional compensation to the named executives.

2013 Nonqualified Deferred Compensation

Name	Executive Contributions in Last Year ($)	Registrant Contributions in Last Year ($)(1)	Aggregate Earnings in Last Year ($)(2)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Year-End($)(3)
J. P. Rogers	$ 0	$ 106,996	$ 18,535	$ 0	$ 1,244,912
C. E. Espeland	0	38,113	11,097	0	672,573
M. J. Costa	0	47,039	3,026	0	206,467
R. C. Lindsay	0	47,039	112,482	0	858,737
D. A. Golden	1,650	18,859	17,262	0	122,338

(1) Annual Company contributions were made to the accounts of each named executive in the Eastman Investment Plan, a 401(k) retirement plan, and in the EDCP. Amounts shown are the amounts before provision for certain taxes contributed into the EDCP and represent amounts that could not be contributed into the 401(k) retirement plan or ESOP accounts of the individuals due to Internal Revenue Code restrictions. The total amount of the contributions for each named executive officer in the Eastman Investment Plan and the EDCP was five percent of his 2013 earnings. These contributions are included in the Summary Compensation Table in the All Other Compensation column.

(2) Aggregate amounts credited to participant accounts during 2013. No earnings on deferred amounts are included in the Summary Compensation Table in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column because there were no preferential or above-market earnings on any of the hypothetical investments. Quarterly dividend equivalents of 30 cents per hypothetical share for the first, second, and third quarters and of 35 cents per hypothetical share for the fourth quarter were credited to amounts in individual Eastman stock accounts.

(3) Balance in individual EDCP accounts as of December 31, 2013. The portions of the balances from annual Company contributions after provision for certain taxes ($602,995 for Mr. Rogers, $168,910 for Mr. Espeland, $191,382 for Mr. Costa, $185,642 for Mr. Lindsay, and $46,270 for Mr. Golden) were reported as All Other Compensation in the Summary Compensation Table in this and prior annual meeting proxy statements; the portions of the balances from deferred salary ($78,000 for Mr. Espeland) were included in the amounts reported as Salary in the Summary Compensation Table in applicable annual meeting proxy statements; the applicable portions of the balances from deferred annual incentive compensation and bonuses ($146,575 for Mr. Rogers and $67,307 for Mr. Golden) were included in the amounts reported as Non-Equity Incentive Plan Compensation in the Summary Compensation Table in

this and applicable prior annual meeting proxy statements; the portions of the balances from deferred stock-based awards ($251,752 for Mr. Espeland and $216,611 for Mr. Lindsay) are not reported in the Summary Compensation Table in this or certain prior proxy statements but were previously reported as Long-Term Incentive Plan Payouts in the Summary Compensation Table in certain prior annual meeting proxy statements. The portions of the balances from earnings on deferred amounts were not reported in the Summary Compensation Table in this proxy statement or in the annual meeting proxy statements for previous years because there were no preferential or above-market earnings on any individual EDCP hypothetical investments. Amounts in the Registrant Contributions in Last Year column were paid in February 2014 and are not included in the aggregate balance as of December 31, 2013.

Termination and Change-in-Control Arrangements

The Company s Change-in-Control Agreements with certain executive officers, including the individuals named in the Summary Compensation Table, and the Omnibus Long-Term Compensation Plans, provide for compensation and benefits in certain circumstances upon or following termination of the executive or a change-in-control of the Company. Circumstances that trigger compensation or provision of benefits related to termination or change in control, how such compensation and benefits are determined, and conditions or obligations applicable to the receipt of payments and benefits are described below. In connection with the Compensation Committee s determination of Mark J. Costa s compensation as Chief Executive Officer beginning January 1, 2014, the Committee and Mr. Costa cancelled his prior employment agreement. See Compensation Discussion and Analysis Executive Termination and Change-In-Control Agreements.

Change-in-Control Agreements. For the reasons described in the Compensation Discussion and Analysis, the Company has entered into Change-in-Control Agreements with the individuals named in the Summary Compensation Table and certain other executive officers of the Company. The Agreements provide for specified compensation and benefits following a change-in-control of the Company. A change-in-control is generally defined in the Agreements to include the following, subject to certain exceptions: (i) the acquisition by a person of 35% or more of the voting stock of the Company; (ii) the incumbent Board members (and subsequent directors approved by them) ceasing to constitute a majority of the Board; (iii) approval by the Company s stockholders of a reorganization or merger unless, after such proposed transaction, the former stockholders of the Company will own more than 50% of the resulting corporation s voting stock, no person will own 35% or more of the resulting corporation s voting stock, and the incumbent Board members will continue to constitute at least a majority of the Board of the resulting corporation; or (iv) approval by the Company s stockholders of a complete liquidation or dissolution of the Company.

Pursuant to the Agreements, in the event that a change-in-control of the Company occurs during the change-in-control period, the Company agrees to continue to employ the executive for a period of two years after the occurrence of such change-in-control (the Employment Period). The change-in-control period means the period commencing on December 1, 2013, and ending two years after such date; provided that on each anniversary of the Agreements, the change-in-control period is automatically extended so as to terminate two years after such anniversary, unless the Company provides timely notice to the executive that it will not extend the period.

During the Employment Period, the executive would be entitled to: (i) an annual base salary at a rate at least equal to the base salary in effect on the date of the change-in-control; (ii) an annual bonus at least equal to the executive s target bonus opportunity for the last full fiscal year prior to the change-in-control; and (iii) continued participation in all incentive, savings, retirement, welfare benefit, and fringe benefit plans applicable to other peer executives of the Company on terms no less favorable than those in effect during the 120-day period preceding the change in control.

The Agreements also specify the payments and benefits to which an executive would be entitled upon a termination of employment during the Employment Period for specified reasons, including death, retirement, disability, termination by the Company with or without cause, and termination by the executive for or without good reason (as such terms are defined in the Agreement).

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If an executive s employment were to be terminated by the Company for any reason other than for cause or disability, or by the executive for good reason, during the Employment Period, the Company would be required to:

(i) pay to the executive a lump sum cash payment equal to his or her accrued obligations (unpaid base salary through the date of termination, a prorated target bonus for the year of termination, and any accrued vacation pay),

(ii) pay to the executive a lump sum severance payment equal to three-times (in the case of the CEO) or two-times (in the case of the other executives) the sum of his or her then-current annual base salary plus the amount of his or her target annual bonus for the year in which the termination occurs,

(iii) continue to provide all health and welfare benefits to the executive and his or her eligible dependents, subject to certain limitations, for 18 months following termination,

(iv) accelerate the vesting of the executive s unvested benefits under the Company s retirement plans, and pay to the executive a lump sum cash payment equal to the value of such unvested benefits, and

(v) pay or provide to the executive any other amounts or benefits to which he or she was entitled under any of the Company s plans, programs, policies, practices, contracts, or agreements then in effect.

Upon the termination of an executive s employment by reason of death, disability, or retirement, or upon a termination by the Company for cause or by the executive without good reason, the Agreement would terminate without further obligation of the Company other than the payment of base salary through the date of termination and any other amounts or benefits to which the executive was entitled under any of the Company s plans, programs, policies, practices, contracts, or agreements then in effect.

Cause is defined in the Agreements as a material breach by the executive of any provision of his or her agreement; the conviction of the executive of any criminal act that the Board deems to constitute cause; a material breach by the executive of a published Company code of conduct or code of ethics; or conduct by the executive in his or her office with the Company that is grossly inappropriate and demonstrably likely to lead to material injury to the Company, as determined by the Board.

Good reason is defined in the Agreements as the assignment to the executive of any duties that are materially inconsistent with his or her position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities (excluding an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after notice from the executive); a reduction by the Company in executive s base salary or target annual bonus; any failure by the Company to comply with any provisions of his or her agreement (other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after notice from the executive); the Company s requiring the executive to be based at any office or location 50 miles or more from his or her current location; any failure by the Company to have a successor to the Company agree to assume the agreement; or a material breach by the Company of any other provision of the executive s agreement.

The Agreements contain certain other typical provisions for agreements of this type, including a requirement that the executive not disclose any confidential information of the Company following termination of employment, and providing that the Company will reimburse the executive on a then-current basis for reasonable fees and expenses in seeking to enforce the Agreement (subject to repayment if his or her claims are determined to be frivolous or in bad faith).

Omnibus Stock Compensation Plans. The Company s 2012 Omnibus Stock Compensation Plan (like its predecessor such plans, collectively referred to as the Omnibus Plans) provides for grants to employees of nonqualified and incentive stock options, stock appreciation rights, stock awards, performance shares, and other stock and stock-based awards (collectively, awards).

The Omnibus Plans contain provisions regarding the treatment of awards in the event of a change in ownership (as defined, generally involving circumstances in which the Company s common stock is no longer publicly traded) and of a change-in-control (as defined, generally involving circumstances in which the

Company is acquired by another entity or its controlling ownership is changed). Upon a change in ownership or change-in-control, the rules described below will apply to awards granted under the Omnibus Plans.

However, the Compensation Committee has the discretion, notwithstanding any particular transaction constituting a change in ownership or a change in control, either to determine that such transaction is of the type that does not warrant the described consequences with respect to awards (in which case such consequences would not occur) or to alter the way in which awards are treated from the consequences outlined in the Omnibus Plans.

If a change in ownership occurs (and the Compensation Committee has not exercised its discretion described above) during the term of one or more performance periods for outstanding performance shares, the performance period will immediately terminate and, unless the Committee has already determined actual performance for such period, it will be assumed that the performance objectives have been attained at a level of 100%. Participants will be considered to have earned a prorated share of the awards for such performance period. In addition, upon a change in ownership, all outstanding awards will be valued and cashed out on the basis of the change in ownership price.

In the event of a change-in-control (assuming the Compensation Committee has not exercised its discretion described above), if a participant s employment terminates within two years following the change-in-control, unless such termination is due to death, disability, cause, resignation (other than as a result of certain actions by the Company and any successor), or retirement, participants will be entitled to the following treatment. All conditions, restrictions, and limitations in effect with respect to any unexercised awards will immediately lapse and no other terms or conditions will be applied. Any unexercised, unvested, unearned, or unpaid awards will automatically become 100% vested. Performance shares will be treated in a manner similar to that described above in the case of a change in ownership. A participant will be entitled to a lump sum cash payment with respect to all of such participant s awards.

In order to comply with Section 409A of the Internal Revenue Code, it may be necessary for the Company to delay payments until six months following the officer s separation from service with the Company.

Benefit Security Trust. The Company has established a Benefit Security Trust (sometimes referred to as the Rabbi Trust) to provide a degree of financial security for its unfunded obligations under the Executive Deferred Compensation Plan, the supplemental ERAP plans, and the Change-in-Control Agreements with the Company s executives. The assets of the Rabbi Trust would be subject to the claims of the Company s creditors in the event of insolvency. Upon the occurrence of a change-in-control or a potential change-in-control (each as defined), or if the Company fails to meet its payment obligations under the covered plans and agreements, the Company would be required to transfer to the trustee cash or other liquid funds in an amount equal to the value of the Company s obligations under the covered plans and agreements. The Company has conveyed to the trustee rights to certain assets as partial security for the Company s funding obligations under the Rabbi Trust.

A change-in-control for purposes of the Rabbi Trust is generally defined to include the following, subject to certain exceptions: (i) the acquisition by a person (other than the Company, certain affiliated entities, or certain institutional investors) of 19% or more of the voting stock of the Company; (ii) the incumbent Board members (and subsequent directors approved by them) ceasing to constitute a majority of the Board; (iii) approval by the Company s stockholders of a reorganization or merger unless, after such proposed transaction, the former stockholders of the Company will own more than 75% of the resulting corporation s voting stock; or (iv) approval by the Company s stockholders of a complete liquidation and dissolution of the Company or the sale or other disposition of substantially all of the assets of the Company, other than to a subsidiary or in a spin-off transaction. A potential change-in-control will generally be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a change-in-control; (ii) any person (including the Company) publicly announces an intention to take action which, if consummated, would constitute a change-in-control; or (iii) any person (other than the Company, certain affiliated entities, or certain institutional investors) becomes the beneficial owner of 10% or more of the combined voting power of the Company s then-outstanding securities.

The Rabbi Trust is irrevocable until participants and their beneficiaries are no longer entitled to payments under the covered plans and agreements, but may be amended or revoked by agreement of the trustee, the Company, and a committee of individual beneficiaries of the Rabbi Trust.

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Potential Payments Under Termination and Change-in-Control Arrangements

The following table shows, for each of the named executive officers, the payments and benefits that would have been provided under the Change-in-Control Agreements if the executive had been terminated without cause or had resigned for good reason on December 31, 2013 following a change-in-control.

Form of Payment	J. P. Rogers ($)	C. E. Espeland ($)	M. J. Costa ($)	R. C. Lindsay ($)	D. A. Golden ($)
Cash severance(1)	$ 8,280,000	$ 2,160,000	$ 2,520,000	$ 2,520,000	$ 1,520,000
Value of unvested stock-based awards at target(2)	27,565,189	7,184,866	8,119,790	8,119,790	981,666
Health and welfare continuation(3)	17,225	17,225	17,225	17,225	17,225
Total Payments	$ 35,862,414	$ 9,362,091	$ 10,657,015	$ 10,657,015	$ 2,518,891

(1) Lump sum cash severance under the Change-in-Control Agreement equal to three times the sum of annual base pay and the target Unit Performance Plan payout for Mr. Rogers and two times the sum of annual base pay and the target Unit Performance Plan payout for the other named executive officers.

(2) Value of unvested awards at target, which vest and are paid out under the Omnibus Plans at termination following a change-in-control (or earlier upon a change-in-control that is a change in ownership as shown in the next table below, in which case the payment would not also be received upon a subsequent termination without cause or resignation for good reason). Awards are valued as of year-end 2013 based upon the closing price of Eastman common stock on the New York Stock Exchange on December 31, 2013.

(3) Value of continuation of health and welfare benefits for 18 months following termination under the Change-in-Control Agreement.

The following table shows, for each of the named executive officers, the payment that would have been provided under the Omnibus Plans if there had been a change in ownership of the Company on December 31, 2013.

	Amount of payment				
Form of Payment	J. P. Rogers ($)	C. E. Espeland ($)	M. J. Costa ($)	R. C. Lindsay ($)	D. A. Golden ($)
Value of unvested stock-based awards at target(1)	$ 27,565,189	$ 7,184,866	$ 8,119,790	$ 8,119,790	$ 981,666

(1) Value of unvested awards at target which vest and are paid out under the Omnibus Plans following a change in ownership of the Company. Awards are valued as of year-end 2013 based upon the closing price of Eastman common stock on the New York Stock Exchange on December 31, 2013.

In addition to the payments described above, the executive officers would also receive the following payments for amounts already earned or vested as the result of participation in compensation or benefit plans on the same basis as other Company employees:

value of outstanding vested stock-based awards (see the Outstanding Equity Awards at 2013 Year-End table), earned Unit Performance Plan payout (see Estimated Future Payouts Under Non-Equity Incentive Plan Awards column in the 2013 Grants of Plan-Based Awards table),

earned Company contribution to vested and unvested defined contribution plans (see All Other Compensation column in the Summary Compensation Table),

account balance in the Eastman Investment Plan, a 401(k) retirement plan, and the ESOP,

account balance in the Executive Deferred Compensation Plan (see Aggregate Balance at Last Year-End column in the Nonqualified Deferred Compensation table), and

lump sum present value of pension under the Company s qualified and non-qualified pension arrangements (see Present Value of Accumulated Benefit column in the Pension Benefits table).

ITEM 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors has retained PricewaterhouseCoopers LLP to serve as independent auditors for the year ending December 31, 2014.

PricewaterhouseCoopers LLP also served as the Company s independent auditors for the years ended December 31, 2013 and 2012, and has billed the Company the following amounts for fees and related expenses for professional services rendered during 2013 and 2012:

Audit Fees: $7.56 million, in the aggregate, for the year ended December 31, 2013 and $8.7 million, in the aggregate, for the year ended December 31, 2012 for professional services rendered for the audits of the consolidated financial statements of the Company (including the audit of internal controls over financial reporting), statutory and subsidiary audits, issuance of comfort letters, and assistance with review of documents filed with the SEC.

Audit-Related Fees: $180,250, in the aggregate, for the year ended December 31, 2013 and $308,000, in the aggregate, for the year ended December 31, 2012 for assurance and related services, including employee benefit plan audits, other audit procedures, and consultations concerning financial accounting and reporting standards. In addition, various employee benefit plans were billed for fees and related expenses of $155,250 for 2013 and of $203,000 for 2012 for audits of their plan financial statements by PricewaterhouseCoopers LLP.

Tax Fees: $4.2 million, in the aggregate, for the year ended December 31, 2013 and $4.1 million, in the aggregate, for the year ended December 31, 2012 for services related to tax planning, tax compliance, including expatriate tax services and preparation of tax returns and claims for refunds, tax advice, assistance with respect to tax audits, and requests for rulings for technical advice from tax authorities.

All Other Fees: $6,000, in the aggregate, for each of the years ended December 31, 2013 and December 31, 2012 for all services other than those covered above under Audit Fees, Audit-Related Fees, and Tax Fees. All Other Fees for 2013 and 2012 were for services related technology access.

All audit and non-audit services provided to the Company by the independent auditors are pre-approved by the Audit Committee or in certain instances by the Chair of the Audit Committee pursuant to delegated authority. At the beginning of each year, the Audit Committee reviews and approves all known audit and non-audit services and fees to be provided by and paid to the independent auditors. During the year, specific audit and non-audit services or fees not previously approved by the Audit Committee are approved in advance by the Audit Committee or by the Chair of the Audit Committee pursuant to delegated authority. In addition, during the year the Chief Financial Officer and the Audit Committee monitor actual fees to the independent auditors for audit and non-audit services.

The stockholders are being asked to ratify the Audit Committee s appointment of PricewaterhouseCoopers LLP. If the stockholders fail to ratify this appointment, the Audit Committee may, but is not required to, reconsider whether to retain that firm. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

A representative of PricewaterhouseCoopers LLP is expected to attend the 2014 Annual Meeting and will have the opportunity to make a statement on behalf of the firm if he desires to do so. The representative is also expected to be available to respond to appropriate questions from stockholders.

The Board of Directors recommends that you vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as independent auditors.

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[FORM OF PAPER PROXY PG. 1]

c/o Corporate Election Services

P. O. Box 1150

Pittsburgh PA 15230-1150

Vote by Telephone or Internet

Quick Easy Immediate

Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

To Vote by Phone:	Call anytime toll free **1-888-693-8683** There is no charge for this call. Follow the simple instructions to record your vote.
To Vote by Internet or Review the Proxy Statement	Access **www.cesvote.com** Follow the simple instructions presented to record your vote.

IF YOU VOTE BY TELEPHONE OR INTERNET, DO NOT MAIL THE PROXY CARD.

PROXY ***EASTMAN CHEMICAL COMPANY*** **PROXY**

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 1, 2014.

The undersigned hereby appoints Curtis E. Espeland and David A. Golden as proxies with power to act without the other and with power of substitution, and hereby authorizes them to represent and vote, as designated on the other side of this proxy card, all the shares of stock of Eastman Chemical Company held of record as of March 7, 2014, by the undersigned with all the powers that the undersigned would possess if present at the Annual Meeting of Stockholders of the Company to be held May 1, 2014, or any adjournment or postponement thereof.

SAID PROXIES WILL VOTE ON THE PROPOSALS SET FORTH IN THE NOTICE OF ANNUAL MEETING AND PROXY STATEMENT AS SPECIFIED ON THE REVERSE SIDE OF THIS CARD AND ARE AUTHORIZED TO VOTE IN THEIR DISCRETION ON ANY OTHER BUSINESS THAT MAY PROPERLY COME BEFORE THE MEETING. IF A VOTE IS NOT SPECIFIED, SAID PROXIES WILL VOTE FOR EACH OF THE NOMINEES IN ITEM 1, FOR ITEM 2, AND FOR ITEM 3.

Signature(s)

Signature(s)

Date:

Please sign exactly as your name(s) appears on this proxy. If shares are held jointly, all joint owners should sign. If signing as executor, administrator, attorney, trustee, guardian, or in any other representative capacity, please also give your full title.

MARK (ON THE OTHER SIDE), SIGN AND DATE YOUR PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE.

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[FORM OF PAPER PROXY   PG. 2]

ADMISSION TICKET

Please bring this ticket if you choose to attend the Annual Meeting.

It will expedite your admittance when presented upon your arrival.

EASTMAN CHEMICAL COMPANY

Annual Meeting of Stockholders

Thursday, May 1, 2014

11:30 a.m.

Cumberland Amphitheatre of the

MeadowView Marriott Conference Resort and Convention Center

1901 Meadowview Parkway

Kingsport, Tennessee 37660

Important Notice Regarding Internet Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 1, 2014: the proxy materials, including the 2014 Proxy Statement and 2013 Annual Report, are available at www.ReadMaterial.com/EMN.

If you need directions to the 2014 Annual Meeting of Stockholders, please call 1-423-229-4647.

Please fold and detach card at perforation.

Please fold and detach card at perforation before mailing.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS INDICATED. IF NO SPECIFICATION IS MADE, IT WILL BE VOTED FOR EACH OF THE NOMINEES IN ITEM 1, FOR ITEMS 2 AND 3.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES IN ITEM 1.

1. Election of Directors:
Nominees for election of twelve directors to serve until the Annual Meeting of Stockholders in 2015 and their successors are duly elected and qualified:

(1)	HUMBERTO P. ALFONSO	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(2)	GARY E. ANDERSON	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(3)	BRETT D. BEGEMANN	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(4)	MICHAEL P. CONNORS	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(5)	MARK J. COSTA	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(6)	STEPHEN R. DEMERITT	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(7)	ROBERT M. HERNANDEZ	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(8)	JULIE F. HOLDER	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(9)	RENÉE J. HORNBAKER	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(10)	LEWIS M. KLING	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(11)	DAVID W. RAISBECK	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**
(12)	JAMES P. ROGERS	¨ **FOR**	¨ **AGAINST**	¨ **ABSTAIN**

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 2 AND 3.

2. Advisory Approval of Executive Compensation As Disclosed in Proxy Statement

¨ **FOR** ¨ **AGAINST** ¨ **ABSTAIN**

3. Ratification of Appointment of PricewaterhouseCoopers LLP as Independent Auditors

¨ **FOR** ¨ **AGAINST** ¨ **ABSTAIN**

(CONTINUED, AND TO BE SIGNED AND DATED, ON THE OTHER SIDE.)

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[SCRIPT OF DIALOGUE FOR REGISTERED STOCKHOLDER PROXY VOTING BY TELEPHONE]

STOCKHOLDER HEARS THIS SCRIPT

1. Hello. Let s begin your telephone vote.
2. Please enter the 11-digit number located in the box by the arrow.
    a. I m sorry, that entry was not recognized.
    b. Return to #2, or after third attempt go to c.
    c. I m sorry you re having difficulty.
    d. Please call again, or vote, sign, date and return your proxy card using the envelope provided.
    e. Goodbye
3. Welcome to the Eastman Chemical Company telephone voting system.
4. Voting your shares by telephone has the same effect as if you returned your proxy card by mail. You hereby direct the named proxies to vote your shares as instructed.
5. Nominee 1
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
6. Nominee 2
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
7. Nominee 3
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
8. Nominee 4
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
9. Nominee 5
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
10. Nominee 6
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
11. Nominee 7
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
12. Nominee 8
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
13. Nominee 9

a. To vote For, please press 1.
b. To vote Against, please press 6.
c. To Abstain, please press 0.
d. I m sorry, that entry was not recognized (repeat a-c)

14. Nominee 10
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
15. Nominee 11
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
16. Nominee 12
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
17. Item 2
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
18. Item 3
    a. To vote For, please press 1.
    b. To vote Against, please press 6.
    c. To Abstain, please press 0.
    d. I m sorry, that entry was not recognized (repeat a-c)
19. Your votes have been cast as follows
    a. Nominee 1, (For, Against or Abstain).
    b. Nominee 2, (For, Against or Abstain).
    c. Nominee 3, (For, Against or Abstain).
    d. Nominee 4, (For, Against or Abstain).
    e. Nominee 5, (For, Against or Abstain).
    f. Nominee 6, (For, Against or Abstain).
    g. Nominee 7, (For, Against or Abstain).
    h. Nominee 8, (For, Against or Abstain).
    i. Nominee 9, (For, Against or Abstain).
    j. Nominee 10, (For, Against or Abstain).
    k. Nominee 11, (For, Against or Abstain).
    l. Nominee 12, (For, Against or Abstain).
    m. Item 2, (For, Against or Abstain).
    n. Item 3, (For, Against or Abstain).
    o. If this is correct, please press 1
        i. If you plan to attend the annual meeting, please press 1; if not, please press 0.
        ii. If you would like to vote another proxy, please press 1; if not please press 0.
        iii. Thank you for voting.
        iv. Goodbye
    p. If this is not correct, please press 0
        v. If you would like to try again, please press 1, if not, please press 0.
        vi. Please try your call again later, or vote, sign, date and return your proxy card using the envelope provided.
        vii. Goodbye

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[TEXT OF COMPUTER SCREEN FOR ELECTRONIC DELIVERY OF PROXY STATEMENT AND

ANNUAL REPORT TO REGISTERED STOCKHOLDERS]

Eastman Chemical Company

View 2013 Annual Report

View 2014 Proxy Statement

Request Proxy Material

Vote Your Proxy

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[TEXT OF COMPUTER SCREENS FOR INTERNET PROXY VOTING BY REGISTERED STOCKHOLDERS]

CES Vote

When you submit your voting instructions through this site, it is the same as if you mark, sign and return your voting instruction form or proxy card.

Please enter your 11-digit electronic voting number, then click the Submit button or press ENTER on your keyboard. On your voting instruction form or proxy card, this number is found by an arrow in a box.

Enter the 11-digit number here:
If you submit voting instructions using the same electronic voting number more than once, only the last instructions you submit will be valid. All previous instructions are revoked.

¨ **Check this box to submit to a secure site.**

Submit

By submitting your voting instructions through this site, you are agreeing with the **appointment of proxy**. Please indicate how you wish to vote and click on **Submit Voting Instructions** at the bottom of this screen. If you submit your voting instructions without making any specifications, your vote will be recorded according to the recommendations of the Board of Directors.

Click here to view the Eastman Chemical Company

Annual Report.

Click here to view the Eastman Chemical Company Proxy

Statement.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES IN ITEM 1.

1. Election of Directors

Nominees for election of twelve directors to serve until the Annual Meeting of Stockholders in 2015 and their successors are duly elected and qualified:

	FOR	**AGAINST**	**ABSTAIN**
1. HUMBERTO P. ALFONSO	O	O	O
2. GARY E. ANDERSON	O	O	O
3. BRETT D. BEGEMANN	O	O	O
4. MICHAEL P. CONNORS	O	O	O

5. MARK J. COSTA	O	O	O
6. STEPHEN R. DEMERITT	O	O	O
7. ROBERT M. HERNANDEZ	O	O	O
8. JULIE F. HOLDER	O	O	O
9. RENÉE J. HORNBAKER	O	O	O
10. LEWIS M. KLING	O	O	O
11. DAVID W. RAISBECK	O	O	O
12. JAMES P. ROGERS	O	O	O

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 2 AND 3.

	FOR	AGAINST	ABSTAIN
2. Advisory Approval of Executive Compensation As Disclosed in Proxy Statement	O	O	O
3. Ratification of Appointment of PricewaterhouseCoopers LLP as Independent Auditors	O	O	O
		YES	**NO**
Do you plan to attend the Annual Meeting?		O	O

(If so, you will receive an Admission Ticket approximately

10 days before the Meeting.)

Please enter any change of address.

Please enter any comments.

Please enter your e-mail address to receive confirmation that your instructions were recorded.

NOTE: We respect your privacy. Your e-mail address will not be saved or used for any purpose other than sending your confirmation e-mail.

After reviewing the above selections, click the button below to submit your voting instructions. You should see a screen confirming your instructions as they have been recorded.

Submit Voting Instructions