LAS VEGAS SANDS CORP
Form 10-Q
May 10, 2013

UNITED STATES

SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2013

¨ **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 x No ¨

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 x No ¨

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	x	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

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 April 30, 2013**
Common Stock ($0.001 par value)	824,860,248 shares

LAS VEGAS SANDS CORP. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1 ***FINANCIAL STATEMENTS***

LAS VEGAS SANDS CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2013	December 31, 2012
	(In thousands, except share and per share data)	
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,379,748	$ 2,512,766
Restricted cash and cash equivalents	5,672	4,521
Accounts receivable, net	1,973,984	1,819,260
Inventories	42,381	43,875
Deferred income taxes, net	1,765	2,299
Prepaid expenses and other	98,151	94,793
Total current assets	4,501,701	4,477,514
Property and equipment, net	15,648,642	15,766,748
Deferred financing costs, net	198,437	214,465
Restricted cash and cash equivalents	1,073	1,938
Deferred income taxes, net	37,315	43,280
Leasehold interests in land, net	1,431,111	1,458,741
Intangible assets, net	68,036	70,618
Other assets, net	124,638	130,348
Total assets	$ 22,010,953	$ 22,163,652
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 132,931	$ 106,498
Construction payables	366,816	343,372
Accrued interest payable	3,472	15,542
Other accrued liabilities	1,870,482	1,895,483
Income taxes payable	217,978	164,126
Current maturities of long-term debt	97,347	97,802
Total current liabilities	2,689,026	2,622,823
Other long-term liabilities	138,596	133,936
Deferred income taxes	179,026	185,945
Deferred proceeds from sale of The Shoppes at The Palazzo	268,099	267,956
Deferred gain on sale of The Grand Canal Shoppes	43,014	43,880
Deferred rent from mall transactions	118,065	118,435
Long-term debt	9,731,002	10,132,265
Total liabilities	13,166,828	13,505,240

Commitments and contingencies (Note 9)

Equity:		
Common stock, $0.001 par value, 1,000,000,000 shares authorized, 824,852,598 and 824,297,756 shares issued and outstanding	825	824
Capital in excess of par value	6,264,237	6,237,488
Accumulated other comprehensive income	217,302	263,078
Retained earnings	843,679	560,452
Total Las Vegas Sands Corp. stockholders equity	7,326,043	7,061,842
Noncontrolling interests	1,518,082	1,596,570
Total equity	8,844,125	8,658,412
Total liabilities and equity	$ 22,010,953	$ 22,163,652

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 March 31, 2013	Three Months Ended March 31, 2012
	(In thousands, except share and per share data)	
	(Unaudited)	
Revenues:		
Casino	$ 2,736,054	$ 2,266,493
Rooms	325,016	267,727
Food and beverage	185,329	153,455
Mall	85,461	71,418
Convention, retail and other	126,061	129,717
	3,457,921	2,888,810
Less promotional allowances	(155,202)	(126,068)
Net revenues	3,302,719	2,762,742
Operating expenses:		
Casino	1,526,279	1,207,551
Rooms	68,690	52,786
Food and beverage	96,731	78,301
Mall	17,258	16,301
Convention, retail and other	78,849	79,524
Provision for doubtful accounts	64,679	52,218
General and administrative	290,414	218,717
Corporate	56,272	48,955
Pre-opening	6,837	51,459
Development	5,351	1,198
Depreciation and amortization	252,557	194,747
Amortization of leasehold interests in land	10,167	9,945
Impairment loss		42,893
Loss on disposal of assets	1,932	593
	2,476,016	2,055,188
Operating income	826,703	707,554
Other income (expense):		
Interest income	3,793	5,648
Interest expense, net of amounts capitalized	(68,832)	(64,672)
Other expense	(2,108)	(3,419)
Loss on early retirement of debt		(2,831)
Income before income taxes	759,556	642,280
Income tax expense	(55,582)	(63,171)
Net income	703,974	579,109
Net income attributable to noncontrolling interests	(132,013)	(80,167)

Net income attributable to Las Vegas Sands Corp.	$	571,961	$	498,942
Earnings per share:				
Basic	$	0.69	$	0.66
Diluted	$	0.69	$	0.61
Weighted average shares outstanding:				
Basic		823,367,441		760,437,437
Diluted		827,452,691		818,797,155
Dividends declared per common share	$	0.35	$	0.25

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 COMPREHENSIVE INCOME

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
	(In thousands) (Unaudited)	
Net income	$ 703,974	$ 579,109
Currency translation adjustment	(48,456)	98,878
Total comprehensive income	655,518	677,987
Comprehensive income attributable to noncontrolling interests	(129,333)	(81,214)
Comprehensive income attributable to Las Vegas Sands Corp.	$ 526,185	$ 596,773

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

	Las Vegas Sands Corp. Stockholders Equity					
	Common Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Income	Retained Earnings	Noncontrolling Interests	Total
	(In thousands)					
	(Unaudited)					
Balance at January 1, 2012	$ 733	$ 5,610,160	$ 94,104	$ 2,145,692	$ 1,588,463	$ 9,439,152
Net income				498,942	80,167	579,109
Currency translation adjustment			97,831		1,047	98,878
Exercise of stock options	1	20,151			1,107	21,259
Stock-based compensation		18,383			1,001	19,384
Issuance of restricted stock	1	(1)				
Exercise of warrants	88	526,080				526,168
Dividends declared				(205,689)	(178,218)	(383,907)
Distributions to noncontrolling interests					(2,195)	(2,195)
Balance at March 31, 2012	$ 823	$ 6,174,773	$ 191,935	$ 2,438,945	$ 1,491,372	$ 10,297,848
Balance at January 1, 2013	$ 824	$ 6,237,488	$ 263,078	$ 560,452	$ 1,596,570	$ 8,658,412
Net income				571,961	132,013	703,974
Currency translation adjustment			(45,776)		(2,680)	(48,456)
Exercise of stock options	1	11,208			746	11,955
Tax benefit from stock-based compensation		1,525				1,525
Stock-based compensation		14,016			873	14,889
Dividends declared				(288,734)	(207,266)	(496,000)
Distributions to noncontrolling interests					(2,174)	(2,174)
Balance at March 31, 2013	$ 825	$ 6,264,237	$ 217,302	$ 843,679	$ 1,518,082	$ 8,844,125

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

	Three Months Ended March 31, 2013	2012
	(In thousands) (Unaudited)	
Cash flows from operating activities:		
Net income	$ 703,974	$ 579,109
Adjustments to reconcile net income to net cash generated from operating activities:		
Depreciation and amortization	252,557	194,747
Amortization of leasehold interests in land	10,167	9,945
Amortization of deferred financing costs and original issue discount	14,185	11,596
Amortization of deferred gain and rent	(1,236)	(1,236)
Non-cash change in deferred proceeds from sale of The Shoppes at The Palazzo	341	428
Loss on early retirement of debt		815
Impairment and loss on disposal of assets	1,932	43,486
Stock-based compensation expense	14,617	19,166
Provision for doubtful accounts	64,679	52,218
Foreign exchange (gain) loss	(6,941)	724
Excess tax benefits from stock-based compensation	(1,525)	
Deferred income taxes	2,619	(4,083)
Changes in operating assets and liabilities:		
Accounts receivable	(234,417)	(223,358)
Inventories	1,344	(4,742)
Prepaid expenses and other	1,111	(27,785)
Accounts payable	26,992	356
Accrued interest payable	(12,023)	(24,903)
Income taxes payable	58,874	63,134
Other accrued liabilities	(11,732)	(22,166)
Net cash generated from operating activities	885,518	667,451
Cash flows from investing activities:		
Change in restricted cash and cash equivalents	(294)	(195)
Capital expenditures	(197,191)	(398,260)
Proceeds from disposal of property and equipment	426	761
Net cash used in investing activities	(197,059)	(397,694)
Cash flows from financing activities:		
Proceeds from exercise of stock options	11,955	21,259
Proceeds from exercise of warrants		526,168
Excess tax benefits from stock-based compensation	1,525	
Dividends paid	(495,820)	(383,463)
Distributions to noncontrolling interests	(2,174)	(2,195)
Repayments on long-term debt (Note 3)	(334,578)	(306,231)
Payments of deferred financing costs		(114)
Net cash used in financing activities	(819,092)	(144,576)

Effect of exchange rate on cash	(2,385)	28,461
Increase (decrease) in cash and cash equivalents	(133,018)	153,642
Cash and cash equivalents at beginning of period	2,512,766	3,902,718
Cash and cash equivalents at end of period	$ 2,379,748	$ 4,056,360
Supplemental disclosure of cash flow information:		
Cash payments for interest, net of amounts capitalized	$ 62,928	$ 77,786
Cash payments for taxes, net of refunds	$ 2,086	$ 1,955
Change in construction payables	$ 23,444	$ (48,341)
Non-cash investing and financing activities:		
Capitalized stock-based compensation costs	$ 272	$ 218
Change in dividends payable on unvested restricted stock and stock units included in other accrued liabilities	$ 180	$ 444
Property and equipment acquired under capital lease	$	$ 340

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

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, 2012. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). 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.

The shares of the Company s subsidiary, Sands China Ltd. (SCL, the indirect owner and operator of the majority of the Company s operations in the Macao Special Administrative Region (Macao) of the People s Republic of China) are listed on The Main Board of The Stock Exchange of Hong Kong Limited (SEHK) and are 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

Macao

The Company currently owns 70.2% of SCL, which includes the operations of The Venetian Macao, Sands Cotai Central, Four Seasons Macao, Sands 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 Venetian Macao Resort Hotel (The Venetian Macao), which anchors the Cotai Strip, the Company s master-planned development of integrated resort properties on an area of approximately 140 acres in Macao (consisting of parcels referred to as 1, 2, 3 and 5 and 6). The Venetian Macao (located on parcel 1) includes a 39-floor luxury hotel with over 2,900 suites; approximately 374,000 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.

In April and September 2012 and January 2013, the Company opened phases I, IIA and IIB, respectively, of its Sands Cotai Central integrated resort (located on parcels 5 and 6), which is situated across the street from The Venetian Macao and Four Seasons Macao. Phase I consists of a hotel tower on parcel 5, which includes approximately 600 five-star rooms and suites under the Conrad brand and approximately 1,200 four-star rooms and suites under the Holiday Inn brand; more than 350,000 square feet of meeting space; several food and beverage establishments; along with the 230,000-square-foot casino and VIP gaming areas. Phase IIA, includes the first hotel tower on parcel 6, which features approximately 1,800 rooms and suites managed by Starwood Asia Pacific Hotels and Resorts Pte Ltd. and Sheraton Overseas Management Co. (collectively Starwood) under the Sheraton brand, along with the second casino and additional retail, entertainment, dining and meeting facilities. Phase IIB consists of the second hotel tower on parcel 6 and features approximately 2,100 rooms and suites managed by Starwood under the Sheraton brand. With the completion of phases I and II of the project, the integrated resort features approximately 300,000 square feet of gaming space, approximately 800,000 square feet of retail, dining and entertainment space, over 550,000 square feet of meeting facilities and a multipurpose theater (to open in 2014). Phase III of the project is expected to include a fourth hotel and mixed-use tower, located on parcel 5, to be managed by Starwood under the St. Regis brand and the total cost to complete is expected to be approximately $450 million. The Company intends to commence construction of phase III of the project as demand and market conditions warrant it. As of March 31, 2013, the Company has capitalized costs of $4.07 billion for the entire project, including the land premium (net of amortization) and $225.1 million in outstanding construction payables.

The Company owns the Four Seasons Hotel Macao, Cotai Strip (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 and located on parcel 2, the Four Seasons Macao), which features approximately 108,000 square feet of gaming space; 19 Paiza mansions; retail space of approximately 260,000 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 (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 monetize units within the Four Seasons Apartments after the necessary government approvals are obtained and future demand warrants it.

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

The Company owns and operates the Sands Macao, the first Las Vegas-style casino in Macao. The Sands Macao offers approximately 249,000 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.

Singapore

The Company owns and operates the Marina Bay Sands in Singapore, which features three 55-story hotel towers (totaling approximately 2,600 rooms and suites), the Sands SkyPark (which sits atop the hotel towers and features an infinity swimming pool and several dining options), approximately 160,000 square feet of gaming space, an enclosed retail, dining and entertainment complex of approximately 800,000 net leasable square feet, a convention center and meeting room complex of approximately 1.2 million square feet, theaters and a landmark iconic structure at the bay-front promenade that contains an art/science museum. In April 2013, the Company paid 57.0 million Singapore dollars (SGD, approximately $45.9 million at exchange rates in effect on March 31, 2013) to the Casino Regulatory Authority in Singapore as part of the process to renew its gaming license, which now expires April 2016.

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; and enclosed retail, dining and entertainment complexes located within The Venetian Las Vegas (The Grand Canal Shoppes) and The Palazzo (The Shoppes at The Palazzo), both of which were sold to GGP Limited Partnership (GGP , see Note 2 Property and Equipment, Net regarding the sale of The Shoppes at The Palazzo).

Pennsylvania

The Company owns and operates the 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 features approximately 145,000 square feet of gaming space; a 300-room hotel tower; a 150,000-square-foot retail facility; an arts and cultural center; and a 50,000-square-foot multipurpose event center, which opened in May 2012. The Company owns 86% of the economic interest in 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 in the retail portion of the property through its ownership interest in Sands Bethworks Retail LLC.

Development Projects

The Company has suspended portions of its development projects and should general economic conditions fail to improve, if the Company is unable to obtain sufficient funding or applicable government approvals 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.

Macao

The Company submitted plans to the Macao government for The Parisian Macao (located on parcel 3), an integrated resort that will be connected to The Venetian Macao and Four Seasons Macao. The Parisian Macao, which is currently expected to open in late 2015, is intended to include a gaming area (to be operated under the Company s gaming subconcession), hotel and shopping mall. The Company expects the cost to design, develop and construct The Parisian Macao will be approximately $2.7 billion, inclusive of payments made for the land premium. The Company has commenced construction activities and has capitalized costs of $143.7 million, including the land premium (net of amortization), as of March 31, 2013. In addition, the Company will be completing the development of some public areas surrounding its Cotai Strip properties on behalf of the Macao government.

Under the Company s land concession for Sands Cotai Central, the Company is required to complete the development by May 2014. The land concession for The Parisian Macao contains a similar requirement, which was extended by the Macao government in July 2012, that the development be completed by April 2016. The Company expects to apply for an extension from the Macao government to complete Sands Cotai Central, as the Company will be unable to meet the May 2014 deadline. Should the Company determine that it is unable to complete The Parisian Macao by April 2016, the Company would then also expect to apply for an extension from the Macao government. If the Company is unable to meet The Parisian Macao deadline and the deadlines for either development are not extended, the Company could lose its land concessions for Sands Cotai Central or The Parisian Macao, which would prohibit the Company from operating any facilities developed under the respective land concessions. As a result, the Company could record a charge for all or some portion of its $4.07 billion or $143.7 million in capitalized construction costs and land premiums (net of amortization), as of March 31, 2013, related to Sands Cotai Central and The Parisian Macao, respectively.

LAS VEGAS SANDS CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

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. As of March 31, 2013, the Company has capitalized construction costs of $178.8 million for this project. The impact of the suspension on the estimated overall cost of the project is currently not determinable with certainty.

Other

The Company continues to aggressively pursue a variety of new development opportunities around the world.

Development Financing Strategy

Through March 31, 2013, the Company has funded its development projects primarily through borrowings under its credit facilities, operating cash flows, proceeds from its equity offerings and proceeds from the disposition of non-core assets.

The U.S. credit facility 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 5.0x for all quarterly periods through maturity. The Company can elect to contribute up to $50 million of cash on hand to its Las Vegas operations on a bi-quarterly basis; such contributions having the effect of increasing Adjusted EBITDA during the applicable quarter for purposes of calculating compliance with the maximum leverage ratio. The Company s Macao facility also requires the Company s Macao operations to comply with similar financial covenants, which commenced with the quarterly period ended March 31, 2012, including maintaining a maximum leverage ratio of debt to Adjusted EBITDA. The maximum leverage ratio is 4.5x for the quarterly periods ending March 31 through June 30, 2013, decreases to 4.0x for the quarterly periods ending September 30, 2013 through December 31, 2014, decreases to 3.5x for the quarterly periods ending March 31 through December 31, 2015, and then decreases to, and remains at, 3.0x for all quarterly periods thereafter through maturity. The Singapore credit facility (the 2012 Singapore Credit Facility) requires operations of Marina Bay Sands to comply with similar financial covenants, which commenced with the quarterly period ended September 30, 2012, including maintaining a maximum leverage ratio of debt to Adjusted EBITDA. The maximum leverage ratio is 4.0x for the quarterly periods ending March 31 through September 30, 2013, decreases to 3.5x for the quarterly periods ending December 31, 2013 through December 31, 2014, and then decreases to, and remains at, 3.0x for all quarterly periods thereafter through maturity. 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. 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.

The Company held unrestricted cash and cash equivalents of approximately $2.38 billion and restricted cash and cash equivalents of $6.7 million as of March 31, 2013. The Company believes the cash on hand and cash flow generated from operations will be sufficient to maintain compliance with the financial covenants of its credit facilities. The Company will need to arrange additional financing to fund the balance of its Cotai Strip developments on terms suitable to the Company, including pursuing approximately $2.0 billion of financing for The Parisian Macao. In the normal course of its activities, the Company will continue to evaluate its capital structure and opportunities for enhancements thereof, including evaluating strategic alternatives related to the Company s Pennsylvania operations.

Recent Accounting Pronouncements

In February 2013, the FASB issued authoritative guidance on the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount is reclassified to net income in its entirety in the same reporting period. The guidance is effective for fiscal years beginning after December 15, 2012, with early adoption permitted. The adoption of this guidance did not have a material effect on the Company s financial condition, results of operations or cash flows.

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 2 PROPERTY AND EQUIPMENT, NET

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

	March 31, 2013	December 31, 2012
Land and improvements	$ 557,842	$ 515,538
Building and improvements	15,262,127	14,414,026
Furniture, fixtures, equipment and leasehold improvements	2,605,623	2,557,071
Transportation	441,671	411,671
Construction in progress	970,042	1,824,531
	19,837,305	19,722,837
Less accumulated depreciation and amortization	(4,188,663)	(3,956,089)
	$ 15,648,642	$ 15,766,748

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

	March 31, 2013	December 31, 2012
Four Seasons Macao (principally the Four Seasons Apartments)	$ 415,497	$ 415,367
The Parisian Macao	85,037	59,510
Sands Cotai Central	83,150	913,432
Other	386,358	436,222
	$ 970,042	$ 1,824,531

The $386.4 million in other construction in progress as of March 31, 2013, consists primarily of construction of the Las Vegas Condo Tower and various projects at The Venetian Macao.

Under generally accepted accounting principles, the sale of The Shoppes at The Palazzo has not been accounted for as a sale because the Company s participation in certain future revenues constitutes continuing involvement in The Shoppes at The Palazzo. Therefore, $266.2 million of the proceeds allocated to the mall sale transaction has been recorded as deferred proceeds (a long-term financing obligation), which will accrue interest at an imputed rate and will be offset by (i) imputed rental income and (ii) rent payments made to GGP related to spaces leased back from GGP by the Company. The property and equipment legally sold to GGP totaling $247.9 million (net of $63.5 million of accumulated depreciation) as of March 31, 2013, will continue to be recorded on the Company s condensed consolidated balance sheet and will continue to be depreciated in the Company s condensed consolidated income statement.

During the three months ended March 31, 2013 and 2012, the Company capitalized interest expense of $1.8 million and $22.1 million, respectively. During the three months ended March 31, 2013 and 2012, the Company capitalized approximately $5.7 million and $2.8 million, respectively, of internal costs, consisting primarily of compensation expense for individuals directly involved with the development and construction of property.

The Company suspended portions of its development projects. As described in Note 1 Organization and Business of Company, the Company may be required to record an impairment charge related to these developments in the future.

NOTE 3 LONG-TERM DEBT

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

	March 31, 2013	December 31, 2012
Corporate and U.S. Related:		
Senior Secured Credit Facility Term B	$ 1,811,899	$ 1,816,477
Senior Secured Credit Facility Delayed Draws I and II	605,033	606,561
Senior Secured Credit Facility Revolving	400,000	400,000
Airplane Financings	70,125	71,047
HVAC Equipment Lease	19,311	19,714
Other	3,215	3,689
Macao Related:		
2011 VML Credit Facility	3,206,847	3,209,839
Other	6,901	7,313
Singapore Related:		
2012 Singapore Credit Facility Term	3,704,593	3,767,141
2012 Singapore Credit Facility Revolving		327,578
Other	425	708
	9,828,349	10,230,067
Less current maturities	(97,347)	(97,802)
Total long-term debt	$ 9,731,002	$ 10,132,265

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(UNAUDITED)

Senior Secured Credit Facility

As of March 31, 2013, the Company had $95.5 million of available borrowing capacity under the Senior Secured Credit Facility, net of outstanding letters of credit.

2011 VML Credit Facility

As of March 31, 2013, the Company had $500.0 million of available borrowing capacity under the 2011 VML Credit Facility.

2012 Singapore Credit Facility

As of March 31, 2013, the Company had SGD 492.6 million (approximately $396.7 million at exchange rates in effect on March 31, 2013) of available borrowing capacity under the 2012 Singapore Credit Facility, net of outstanding banker s guarantees.

Cash Flows from Financing Activities

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

	Three Months Ended March 31,	
	2013	**2012**
Repayments on 2012 Singapore Credit Facility	$ (325,979)	$
Repayments on Senior Secured Credit Facility	(6,106)	(7,234)
Repayments on Singapore Credit Facility		(98,577)
Redemption of Senior Notes		(189,712)
Repayments on Airplane Financings	(922)	(922)
Repayments on Ferry Financing		(8,779)
Repayments on HVAC Equipment Lease and Other Long-Term Debt	(1,571)	(1,007)
	$ (334,578)	$ (306,231)

Fair Value of Long-Term Debt

The estimated fair value of the Company s long-term debt as of March 31, 2013 and December 31, 2012, was approximately $9.77 billion and $10.12 billion, respectively, compared to its carrying value of $9.80 billion and $10.20 billion, respectively. The estimated fair value of the Company s long-term debt is based on level 2 inputs (quoted prices in markets that are not active).

NOTE 4 EQUITY AND EARNINGS PER SHARE

Common Stock Dividends

On March 29, 2013, the Company paid a dividend of $0.35 per common share as part of a regular cash dividend program. During the three months ended March 31, 2013, the Company recorded $288.8 million as a distribution against retained earnings (of which $151.0 million related to the Principal Stockholder s family). Of this amount, approximately $0.5 million has been recorded as a liability, which will be paid to holders of unvested restricted stock and stock units upon vesting.

On March 30, 2012, the Company paid a dividend of $0.25 per common share as part of a regular cash dividend program. During the three months ended March 31, 2012, the Company recorded $205.7 million as a distribution against retained earnings (of which $107.8 million related to the Principal Stockholder s family).

In April 2013, the Company s Board of Directors declared a quarterly dividend of $0.35 per common share (a total estimated to be approximately $289 million) to be paid on June 28, 2013, to shareholders of record on June 20, 2013.

Warrants

On March 2, 2012, the Principal Stockholder s family exercised all of their outstanding warrants to purchase 87,500,175 shares of the Company s common stock for $6.00 per share and paid $525.0 million in cash as settlement of the warrant exercise price. Additionally, during the three months ended March 31, 2012, 11,670 warrants were exercised to purchase an aggregate of 194,499 shares of the Company s common stock at $6.00 per share and $1.2 million in cash was received as settlement of the warrant exercise price.

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(UNAUDITED)

Noncontrolling Interests

On February 28, 2013, SCL paid a dividend of 0.67 Hong Kong dollars per share (a total of $696.4 million) to SCL shareholders of record on February 19, 2013 (of which the Company retained $489.1 million). On February 28, 2012, SCL paid a dividend of 0.58 Hong Kong dollars per share (a total of $599.8 million) to SCL shareholders of record on February 20, 2012 (of which the Company retained $421.6 million).

During the three months ended March 31, 2013 and 2012, the Company distributed $2.2 million to certain of its noncontrolling interests.

Earnings Per Share

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

	Three Months Ended March 31,	
	2013	2012
Weighted-average common shares outstanding (used in the calculation of basic earnings per share)	823,367,441	760,437,437
Potential dilution from stock options, warrants and restricted stock and stock units	4,085,250	58,359,718
Weighted-average common and common equivalent shares (used in the calculation of diluted earnings per share)	827,452,691	818,797,155
Antidilutive stock options excluded from the calculation of diluted earnings per share	4,384,859	4,269,417

Accumulated Other Comprehensive Income

As of March 31, 2013 and December 31, 2012, accumulated other comprehensive income consisted solely of foreign currency translation adjustments.

NOTE 5 VARIABLE INTEREST ENTITIES

The Company consolidates any variable interest entities (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. 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 March 31, 2013 and December 31, 2012, the Company s joint ventures had total assets of $92.1 million and $94.5 million, respectively, and total liabilities of $99.7 million and $95.8 million, respectively.

NOTE 6 INCOME TAXES

The Company s major tax jurisdictions are the U.S., Macao and Singapore. In January 2013, the Internal Revenue Service (IRS) completed its examination of tax years 2005 through 2009. The Company decreased its unrecognized tax benefits by $9.3 million due to the conclusion of the IRS audit. The Inland Revenue Authority of Singapore is performing a compliance review of the Marina Bay Sands tax return for tax year 2010. The Company is subject to examination for tax years after 2007 in Macao and Singapore and for tax years after 2009 in the U.S. 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 from the Company s expected outcome and impact the provision for income taxes.

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Since January 1, 2012, the Company no longer considers the current portion of the tax earnings and profits of certain of its foreign subsidiaries to be permanently reinvested. The Company has not provided a deferred tax provision for these foreign earnings as the Company expects there will be sufficient U.S. foreign tax credits to offset the U.S. income tax that would result from the repatriation of foreign earnings. The Company recorded valuation allowances on the net deferred tax assets of its U.S. operations and certain foreign jurisdictions. Management will reassess the realization of deferred tax assets based on the accounting standards for income taxes each reporting period. To the extent it becomes more-likely-than-not that the deferred tax assets are realizable, the Company will be able to reduce the valuation allowance.

The Company received a 5-year income tax exemption in Macao 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. During July 2012, Venetian Macau Limited (VML) requested an additional 5-year income tax exemption; however, there is no assurance that the Company will receive the extension. In February 2011, the Company entered into an agreement with the Macao government, effective through the end of 2013 that provides for an annual payment of 14.4 million patacas (approximately $1.8 million at exchange rates in effect on March 31, 2013) that is a substitution for a 12% tax otherwise due from VML shareholders on dividend distributions paid from VML gaming profits.

NOTE 7 STOCK-BASED EMPLOYEE COMPENSATION

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 March 31,	
	2013	2012
Compensation expense:		
Stock options	$ 9,033	$ 10,866
Restricted stock and stock units	5,584	8,300
	$ 14,617	$ 19,166
Compensation cost capitalized as part of property and equipment	$ 272	$ 218
LVSC 2004 Plan:		
Stock options granted	58	51
Weighted average grant date fair value	$ 31.71	$ 35.49
Restricted stock granted	18	497
Weighted average grant date fair value	$ 51.08	$ 53.30
Restricted stock units granted	8	13
Weighted average grant date fair value	$ 52.17	$ 51.07
SCL Equity Plan:		

Stock options granted	1,487	2,435
Weighted average grant date fair value	$ 2.19	$ 1.68

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 March 31,	
	2013	**2012**
LVSC 2004 Plan:		
Weighted average volatility	94.9%	95.3%
Expected term (in years)	5.5	6.3
Risk-free rate	1.0%	1.1%
Expected dividends	2.7%	1.9%
SCL Equity Plan:		
Weighted average volatility	68.3%	70.4%
Expected term (in years)	6.3	6.2
Risk-free rate	0.4%	0.6%
Expected dividends	3.6%	4.0%

LAS VEGAS SANDS CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 8 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):

		Fair Value Measurements Using:		
	Total Carrying Value	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of March 31, 2013				
Cash equivalents(1)	$ 1,365,975	$ 1,365,975	$	$
Interest rate caps(2)	$ 171	$	$ 171	$
As of December 31, 2012				
Cash equivalents(1)	$ 1,377,330	$ 1,377,330	$	$
Interest rate caps(2)	$ 218	$	$ 218	$

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

(2) As of March 31, 2013 and December 31, 2012, the Company had 25 and 30 interest rate cap agreements, respectively, with an aggregate fair value of approximately $0.2 million based on quoted market values from the institutions holding the agreements.

NOTE 9 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.

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 (the District Court of Clark County), 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 Macao 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 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. On November 17, 2010, the Nevada Supreme Court reversed the judgment and remanded the case to the District Court of Clark County for a new trial. In its decision reversing the monetary judgment against the Company, the Nevada Supreme Court also made several other rulings which may affect the outcome of the new trial, including overturning the pre-trial dismissal of the plaintiffs breach of contract claim and deciding several evidentiary matters, some of which confirmed and some of which overturned rulings made by the District Court of Clark County. On February 27, 2012, the District Court of Clark County set a date of March 25, 2013, for the new trial. On June 22, 2012, the defendants filed a request to add experts and plaintiffs filed a motion seeking additional financial data as part of their discovery. The District Court of Clark County granted both requests. The trial began on March 27, 2013, and is in process as of the date of this filing. As such, the Company is unable at this time to determine the probability of the outcome or range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

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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 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. On March 16, 2011, an amended complaint was filed, which added Sheldon G. Adelson as a defendant and alleged a claim of defamation per se against him, LVSC and SCL. On June 9, 2011, the District Court of Clark County dismissed the defamation claim and certified the decision as to Sheldon G. Adelson as a final judgment. On July 1, 2011, the plaintiff filed a notice of appeal regarding the final judgment as to Sheldon G. Adelson. On August 26, 2011, the Nevada Supreme Court issued a writ of mandamus instructing the District Court of Clark County to hold an evidentiary hearing on whether personal jurisdiction exists over SCL and stayed the case until after the district court s decision. On January 17, 2012, Mr. Jacobs filed his opening brief with the Nevada Supreme Court regarding his appeal of the defamation claim against Mr. Adelson. On January 30, 2012, Mr. Adelson filed his reply to Mr. Jacobs opening brief. On March 8, 2012, the District Court of Clark County set a hearing date for the week of June 25-29, 2012, for the evidentiary hearing on personal jurisdiction over SCL. On May 24, 2012, the District Court of Clark County vacated the hearing date previously set for June 25-29 and set a status conference for June 28, 2012. At the June 28 status hearing, the District Court of Clark County set out a hearing schedule to resolve a discovery dispute and did not reset a date for the jurisdictional hearing. From September 10 to September 12, 2012, the District Court of Clark County held a hearing to determine the outcome of certain discovery disputes and issued an Order on September 14, 2012. In its Order, the District Court of Clark County fined LVSC $25,000 and, for the purposes of the jurisdictional discovery and evidentiary hearing, precluded the Defendants from relying on the Macao Data Privacy Act as an objection or defense under its discovery obligations. On December 21, 2012, the District Court of Clark County ordered the defendants to produce documents from a former counsel to LVSC containing attorney client privileged information. On January 23, 2013, the defendants filed a writ with the Nevada Supreme Court challenging this order. On January 29, 2013, the District Court of Clark County granted defendants motion for a stay of the order. On February 15, 2013, the Nevada Supreme Court ordered the plaintiff to answer the writ. On February 28, 2013, the District Court of Clark County ordered a hearing on plaintiffs request for sanctions and additional discovery (the February 28th Order). On April 8, 2013, the defendants filed a writ with the Nevada Supreme Court challenging the February 28th Order; and the Nevada Supreme Court ordered the plaintiff to answer the writ by May 20, 2013. The defendants also filed and were granted a stay of the February 28th Order by the District Court of Clark County until such time as the Nevada Supreme Court decides the writ. Mr. Jacobs is seeking unspecified damages. 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 or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

On February 9, 2011, LVSC received a subpoena from the Securities and Exchange Commission (the SEC) requesting that the Company produce documents relating to its compliance with the Foreign Corrupt Practices Act (the FCPA). The Company has also been advised by the Department of Justice (the DOJ) that it is conducting a similar investigation. It is the Company s belief that the subpoena may have emanated from the lawsuit filed by Steven C. Jacobs described above.

After the Company s receipt of the subpoena from the SEC on February 9, 2011, the Board of Directors delegated to the Audit Committee, comprised of three independent members of the Board of Directors, the authority to investigate the matters raised in the SEC subpoena and related inquiry of the DOJ.

As part of the annual audit of the Company s financial statements, the Audit Committee advised the Company and its independent accountants that it had reached certain preliminary findings, including that there were likely violations of the books and records and internal controls provisions of the FCPA and that in recent years, the Company has improved its practices with respect to books and records and internal controls.

Based on the information provided to management by the Audit Committee and its counsel, the Company believes, and the Audit Committee concurs, that the preliminary findings:

do not have a material impact on the financial statements of the Company;

do not warrant any restatement of the Company s past financial statements; and

do not represent a material weakness in the Company s internal controls over financial reporting as of March 31, 2013.

The investigation by the Audit Committee, though largely completed, remains ongoing. The Company is cooperating with all investigations. Based on proceedings to date, management is currently unable to determine the probability of the outcome of this matter, the extent of materiality, or the range of reasonably possible loss, if any.

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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 (the U.S. District Court), against LVSC, Sheldon G. Adelson, and William P. Weidner. The complaint alleged 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 sought, 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 U.S. District Court, against LVSC, Sheldon G. Adelson, and William P. Weidner. The complaint alleged 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 was substantially similar to the Fosbre complaint, discussed above, sought, among other relief, class certification, compensatory damages and attorneys fees and costs. On August 31, 2010, the U.S. District Court entered an order consolidating the Fosbre and Combs cases, and appointed lead plaintiffs and lead counsel. As such, the Fosbre and Combs cases are reported as one consolidated matter. 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. On January 10, 2011, the defendants filed a motion to dismiss the amended complaint, which, on August 24, 2011, was granted in part, and denied in part, with the dismissal of certain allegations. On November 7, 2011, the defendants filed their answer to the allegations remaining in the amended complaint. On July 11, 2012, the U.S. District Court issued an order allowing Defendants Motion for Partial Reconsideration of the Court s Order dated August 24, 2011, striking additional portions of the plaintiff s complaint and reducing the class period to a period of February 4 to November 6, 2008. On August 7, 2012, the plaintiff filed a purported class action second amended complaint (the Second Amended Complaint) seeking to expand their allegations back to a time period of 2007 (having previously been cut back to 2008 by the U.S. District Court) essentially alleging very similar matters that had been previously stricken by the U.S. District Court. On October 16, 2012, the defendants filed a new motion to dismiss the Second Amended Complaint. The plaintiffs responded to the motion to dismiss on November 1, 2012, and defendants filed their reply on November 12, 2012. On November 20, 2012, the U.S. District Court granted a stay of discovery under the Private Securities Litigation Reform Act pending a decision on the new motion to dismiss and therefore, the discovery process has been suspended. On April 16, 2013, the case was reassigned to a new judge. This consolidated 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 or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

On March 9, 2011, Benyamin Kohanim filed a shareholder derivative action (the Kohanim action) on behalf of the Company in the District Court of Clark County against Sheldon G. Adelson, Jason N. Ader, Irwin Chafetz, Charles D. Forman, George P. Koo, Michael A. Leven, Jeffrey H. Schwartz and Irwin A. Siegel, the members of the Board of Directors at the time. The complaint alleges, among other things, breach of fiduciary duties in failing to properly implement, oversee and maintain internal controls to ensure compliance with the FCPA. The complaint seeks to recover for the Company unspecified damages, including restitution and disgorgement of profits, and also seeks to recover attorneys fees, costs and related expenses for the plaintiff. On April 18, 2011, Ira J. Gaines, Sunshine Wire and Cable Defined Benefit Pension Plan Trust dated 1/1/92 and Peachtree Mortgage Ltd. filed a shareholder derivative action (the Gaines action) on behalf of the Company in the District Court of Clark County against Sheldon G. Adelson, Jason N. Ader, Irwin Chafetz, Charles D. Forman, George P. Koo, Michael A. Leven, Jeffrey H. Schwartz and Irwin A. Siegel, the members of the Board of Directors at the time. The complaint raises substantially similar claims as alleged in the Kohanim action. The complaint seeks to recover for the Company unspecified damages, and also seeks to recover attorneys fees, costs and related expenses for the plaintiffs. The Kohanim and Gaines actions have been consolidated and are reported as one consolidated matter. On July 25, 2011, the plaintiffs filed a first verified amended consolidated complaint. The plaintiffs have twice agreed to stay the proceedings. A 120-day stay was entered by the Court in October 2011. It was extended for another 90 days in February 2012 and expired in May 2012. The parties agreed to an extension of the May 2012 deadline that expired on October 30, 2012. The defendants filed a motion to dismiss on November 1, 2012, based on the fact that the plaintiffs have suffered no damages. On January 23, 2013, the Court denied the motion to dismiss in part, deferred the remainder of the motion to dismiss and stayed the proceedings until a July 22, 2013 status hearing. This consolidated 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 or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

On April 1, 2011, Nasser Moradi, Richard Buckman, Douglas Tomlinson and Matt Abbeduto filed a shareholder derivative action (the Moradi action), as amended on April 15, 2011, on behalf of the Company in the U.S. District Court, against Sheldon G. Adelson, Jason N. Ader, Irwin Chafetz, Charles D. Forman, George P. Koo, Michael A. Leven, Jeffrey H. Schwartz and Irwin A. Siegel, the members of the Board of Directors at the time. The complaint raises substantially similar claims as alleged in the Kohanim and Gaines actions. The complaint seeks to recover for the Company unspecified damages, including exemplary damages and restitution, and also seeks to recover attorneys fees, costs and related expenses for the plaintiffs. On April 18, 2011, the Louisiana Municipal Police Employees Retirement System filed a shareholder derivative action (the LAMPERS action) on behalf of the Company in the U.S. District Court, against Sheldon G. Adelson, Jason N. Ader, Irwin Chafetz, Charles D. Forman, George P. Koo, Michael A. Leven, Jeffrey H. Schwartz and Irwin A. Siegel, the members of the Board of Directors at the time, and Wing T. Chao, a former member of the Board of Directors. The complaint raises substantially similar claims as alleged in the Kohanim, Moradi and Gaines actions. The complaint seeks to recover for the Company unspecified damages, and also seeks to recover attorneys fees, costs and related expenses for the plaintiff. On April 22, 2011, John Zaremba filed a shareholder derivative action (the Zaremba action) on behalf of the Company in the U.S. District Court, against Sheldon G. Adelson, Jason N. Ader, Irwin Chafetz, Charles D. Forman, George P. Koo, Michael A. Leven, Jeffrey H. Schwartz and Irwin A. Siegel, the members of the Board of Directors at the time, and Wing T. Chao, a former member of the Board of Directors. The complaint raises substantially similar claims as alleged in the Kohanim, Moradi, Gaines and LAMPERS actions. The complaint seeks to recover for the Company unspecified damages, including restitution, disgorgement of profits and injunctive relief, and also seeks to recover attorneys fees, costs and related expenses for the plaintiff. On August 25, 2011, the U.S. District Court consolidated the Moradi, LAMPERS and Zaremba actions and such actions are reported as one consolidated matter. On November 17, 2011, the defendants filed a motion to dismiss or alternatively to stay the federal action due to the parallel state court action described above. On May 25, 2012, the case was transferred to a new judge. On August 27, 2012, the U.S. District Court granted the motion to stay pending a further update of the Special Litigation Committee due on October 30, 2012. On October 30, 2012, the defendants filed the update asking the judge to determine whether to continue the stay until January 31, 2013, or to address motions to dismiss. On November 7, 2012, the U.S. District Court denied defendants request for an extension of the stay but asked the parties to brief the motion to dismiss. On November 21, 2012, defendants filed their motion to dismiss. On December 21, 2012, plaintiffs filed their opposition and on January 18, 2013, defendants filed their reply. This consolidated 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 or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

On March 23, 2012, Ernest Kleinschmidt filed a shareholder derivative action (the Kleinschmidt action) on behalf of the Company in the District Court of Clark County against Sheldon G. Adelson, Michael A. Leven, Irwin A. Siegel, Jeffrey H. Schwartz, Jason N. Ader, Charles D. Forman, Irwin Chafetz and George P. Koo, who are currently members of the Board of Directors, and Wing T. Chao, Andrew R. Heyer, James Purcell, Bradley H. Stone and William P. Weidner, who are former members of the Board of Directors and/or executives of the Company. The complaint alleges, among other things, breach of fiduciary duties for disseminating false and misleading information, failure to maintain internal controls and failing to properly oversee and manage the Company, and unjust enrichment. The complaint seeks, among other relief, unspecified damages, direction to LVSC to take unspecified actions to improve its corporate governance and internal procedures, restitution and disgorgement of profits, and attorneys fees, costs and related expenses for the plaintiff. On June 29, 2012, the defendants who had been served at that time including nominal defendant LVSC and defendants Michael A. Leven, Irwin A. Siegel, Jason N. Ader, Charles D. Forman, Irwin Chafetz, George P. Koo, James Purcell, Bradley H. Stone and William P. Weidner filed a motion to dismiss. On July 20 and July 25, 2012, defendants Jeffery H. Schwartz and Wing T. Chao, respectively, each filed a substantially similar motion to dismiss. On October 10, 2012, the case was transferred to business court within the District Court of Clark County. On October 12, 2012, the case was reassigned to a new judge. On January 14, 2013, the District Court of Clark County filed its order dismissing the entire case for failure to make a demand on the Board of Directors of LVSC with 5 of 6 claims dismissed with prejudice as being time barred under applicable statutes of limitations. The sixth claim for unjust enrichment was allowed to be re-filed, but only after demand on the Board of Directors of LVSC is made. The Company received a letter from the plaintiffs lawyers dated February 9, 2013, making their demand on the Board of Directors of LVSC for the unjust enrichment claim that the District Court of Clark County previously dismissed without prejudice. In addition, on February 19, 2013, the plaintiffs filed a notice of appeal with the Nevada Supreme Court appealing the dismissal of the case. Based on proceedings to date, management is unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

On January 19, 2012, Asian American Entertainment Corporation, Limited (AAEC) filed a claim (the Macao action) with the Macao Judicial Court (Tribunal Judicial de Base) against VML, LVS (Nevada) International Holdings, Inc. (LVS (Nevada)), Las Vegas Sands, LLC (LVSLLC) and Venetian Casino Resort, LLC (VCR and collectively, the Defendants). The claim is for 3.0 billion patacas (approximately $375.8 million at exchange rates in effect on March 31, 2013) as compensation for damages resulting from the alleged breach of agreements entered into between AAEC and the Defendants for their joint presentation of a bid in response to the public tender held by the Macao government for the award of gaming concessions at the end of 2001. On July 4, 2012, the Defendants filed their defense to the Macao action with the Macao Judicial Court. AAEC then filed a reply that included several amendments to the original claim, although the amount of the claim was not amended. On January 4, 2013, the Defendants filed an amended defense to the amended claim with the Macao Judicial Court. The Macao 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 or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

As previously disclosed by the Company, on February 5, 2007, AAEC brought a similar claim (the Prior Action) in the U.S. District Court, against LVSI (now known as LVSLLC), VCR and Venetian Venture Development, LLC, which are subsidiaries of the Company, and William P. Weidner and David Friedman, who are former executives of the Company. The U.S. District Court entered an order on April 16, 2010, dismissing the Prior Action. On April 20, 2012, LVSLLC, VCR and LVS (Nevada) filed an injunctive action (the Nevada Action) against AAEC in the U.S. District Court seeking to enjoin AAEC from proceeding with the Macao Action based on AAEC s filing, and the U.S. District Court s dismissal, of the Prior Action. On June 14, 2012, the U.S. District Court issued an order that denied the motions requesting the Nevada Action, thereby effectively dismissing the Nevada Action.

On August 1, 2012, SCL filed an announcement with the SEHK stating that SCL s subsidiary, VML, has received a notification from the Office for Personal Data Protection of the Macao government (the OPDP) indicating that the OPDP has launched an official investigation procedure in relation to the alleged transfer from Macao by VML to the United States of certain data contrary to the Personal Data Protection Act (Macau). On April 13, 2013, the OPDP presented its findings and VML received a cumulative fine of 40,000 patacas (approximately $5,002 at exchange rates in effect on March 31, 2013). VML paid the fine as levied by the OPDP.

The Company has received subpoenas from the U.S. Attorney s Office requesting the production of documents relating to two prior customers of the Company s properties. The Company is cooperating with the U.S. Attorney s Office on these matters. Based on proceedings to date, management is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any.

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 10 SEGMENT INFORMATION

The Company s principal operating and developmental activities occur in three geographic areas: Macao, Singapore and the United States. The Company reviews the results of operations for each of its operating segments: The Venetian Macao; Sands Cotai Central; Four Seasons Macao; Sands Macao; Other Asia (comprised primarily of the Company s ferry operations and various other operations that are ancillary to the Company s properties in Macao); Marina Bay Sands; The Venetian Las Vegas, which includes the Sands Expo Center; The Palazzo; and Sands Bethlehem. 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 services and products, the regulatory business environment of the operations within each segment and the Company s organizational and management reporting structure. The Company also reviews construction and development activities for each of its primary projects under development, some of which have been suspended, in addition to its reportable segments noted above. The Company s primary projects under development are The Parisian Macao and phase III of Sands Cotai Central in Macao, and the Las Vegas Condo Tower (included in Corporate and Other) in the U.S. The corporate activities of the Company are also included in Corporate and Other. The information for the three months ended March 31, 2012, has been reclassified to conform to the current presentation. The Company s segment information as of March 31, 2013 and December 31, 2012, and for the three months ended March 31, 2013 and 2012, is as follows (in thousands):

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net Revenues:		
Macao:		
The Venetian Macao	$ 872,212	$ 772,760
Sands Cotai Central	587,179	
Four Seasons Macao	223,220	299,604
Sands Macao	310,273	349,083
Other Asia	33,873	35,568
	2,026,757	1,457,015
Marina Bay Sands	794,864	848,669
United States:		
Las Vegas Operating Properties	411,541	384,603
Sands Bethlehem	122,916	115,562
	534,457	500,165
Intersegment eliminations	(53,359)	(43,107)
Total net revenues	$ 3,302,719	$ 2,762,742
Adjusted Property EBITDA[(1)]		
Macao:		
The Venetian Macao	$ 348,482	$ 281,933
Sands Cotai Central	131,521	
Four Seasons Macao	53,552	67,519
Sands Macao	96,602	106,956
Other Asia	(3,589)	(5,722)

	626,568	450,686
Marina Bay Sands	396,781	472,519
United States:		
Las Vegas Operating Properties	113,428	115,806
Sands Bethlehem	29,856	27,502
	143,284	143,308
Total adjusted property EBITDA	1,166,633	1,066,513
Other Operating Costs and Expenses		
Stock-based compensation	(6,814)	(9,169)
Corporate	(56,272)	(48,955)
Pre-opening	(6,837)	(51,459)
Development	(5,351)	(1,198)
Depreciation and amortization	(252,557)	(194,747)
Amortization of leasehold interests in land	(10,167)	(9,945)
Impairment loss		(42,893)
Loss on disposal of assets	(1,932)	(593)
Operating income	826,703	707,554
Other Non-Operating Costs and Expenses		
Interest income	3,793	5,648
Interest expense, net of amounts capitalized	(68,832)	(64,672)
Other expense	(2,108)	(3,419)
Loss on early retirement of debt		(2,831)
Income tax expense	(55,582)	(63,171)
Net income	$ 703,974	$ 579,109

(1) Adjusted property EBITDA is net income before royalty fees, stock-based compensation expense, corporate expense, pre-opening expense, development expense, depreciation and amortization, amortization of leasehold interests in land, impairment loss, loss on disposal of assets, interest, other expense, loss on early retirement of debt and income taxes. 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.

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Intersegment Revenues		
Macao:		
The Venetian Macao	$ 1,074	$ 913
Sands Cotai Central	89	
Other Asia	9,254	6,416
	10,417	7,329
Marina Bay Sands	2,408	488
Las Vegas Operating Properties	40,534	35,290
Total intersegment revenues	$ 53,359	$ 43,107

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Capital Expenditures		
Corporate and Other	$ 13,037	$ 5,024
Macao:		
The Venetian Macao	26,439	20,606
Sands Cotai Central	79,541	262,986
Four Seasons Macao	1,979	16,705
Sands Macao	4,611	4,729
Other Asia	46	232
The Parisian Macao	16,030	44
	128,646	305,302
Marina Bay Sands	36,128	62,391
United States:		
Las Vegas Operating Properties	18,345	16,509
Sands Bethlehem	1,035	9,034
	19,380	25,543
Total capital expenditures	$ 197,191	$ 398,260

	March 31, 2013	December 31, 2012
Total Assets		
Corporate and Other	$ 1,360,529	$ 586,788
Macao:		
The Venetian Macao	2,716,927	3,254,193
Sands Cotai Central	4,469,177	4,791,560
Four Seasons Macao	1,375,830	1,338,714

Sands Macao	429,180	414,531
Other Asia	315,733	345,522
The Parisian Macao	143,714	118,975
Other Development Projects	187	123
	9,450,748	10,263,618
Marina Bay Sands	6,729,264	6,941,510
United States:		
Las Vegas Operating Properties	3,736,197	3,605,513
Sands Bethlehem	734,215	766,223
	4,470,412	4,371,736
Total assets	$ 22,010,953	$ 22,163,652

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

	March 31, 2013	December 31, 2012
Total Long-Lived Assets		
Corporate and Other	$ 402,763	$ 398,100
Macao:		
The Venetian Macao	1,953,454	1,968,415
Sands Cotai Central	3,879,939	3,836,471
Four Seasons Macao	959,321	971,732
Sands Macao	281,739	285,344
Other Asia	198,690	202,392
The Parisian Macao	143,714	118,912
	7,416,857	7,383,266
Marina Bay Sands	5,514,729	5,657,351
United States:		
Las Vegas Operating Properties	3,144,309	3,179,426
Sands Bethlehem	601,095	607,346
	3,745,404	3,786,772
Total long-lived assets	$ 17,079,753	$ 17,225,489

NOTE 11 CONDENSED CONSOLIDATING FINANCIAL INFORMATION

LVSLLC, VCR, Mall Intermediate Holding Company, LLC, Venetian Transport, LLC, Venetian Marketing, Inc., Lido Intermediate Holding Company, LLC, Lido Casino Resort Holding Company, LLC, Interface Group-Nevada, Inc., Palazzo Condo Tower, LLC, Sands Pennsylvania, Inc., Phase II Mall Holding, LLC, LVS (Nevada) International Holdings, Inc. and LVS Management Services, LLC (collectively, the Restricted Subsidiaries), are all guarantors under the Senior Secured Credit Facility. In March 2013, Phase II Mall Holding, LLC was merged into Lido Casino Resort Holding Company, LLC, which was then merged into Lido Intermediate Holding Company, LLC, which was then merged into VCR. Mall Intermediate Holding Company, LLC was also merged into VCR in March 2013. The noncontrolling interest amount included in the Restricted 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; however, the sale is not complete from an accounting perspective due to the Company s continuing involvement in the transaction related to the participation in certain future revenues earned by GGP. Certain of the assets, liabilities and operating results 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 Restricted Subsidiaries, and therefore are included in the Restricted Subsidiaries columns in the following condensed consolidating financial information. As a result, net liabilities of $20.4 million (consisting of $247.9 million of property and equipment, offset by $268.3 million of liabilities consisting primarily of deferred proceeds from the sale) and $17.3 million (consisting of $250.8 million of property and equipment, offset by $268.1 million of liabilities consisting primarily of deferred proceeds from the sale) as of March 31, 2013 and December 31, 2012, respectively, and a net loss (consisting primarily of depreciation expense) of $3.2 million and $3.8 million for the three months ended March 31, 2013 and 2012, respectively, related to the mall and are being accounted for by the Restricted Subsidiaries. These balances and amounts are not collateral for the Senior Secured Credit Facility.

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LAS VEGAS SANDS CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

The condensed consolidating financial information of LVSC, the Restricted Subsidiaries and the non-restricted subsidiaries on a combined basis as of March 31, 2013 and December 31, 2012, and for the three months ended March 31, 2013 and 2012, is as follows (in thousands):

CONDENSED CONSOLIDATING BALANCE SHEETS

March 31, 2013

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

on units will be

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onnected earnings and profits (as adjusted for certain items), which will include effectively connected dividends.

he preceding paragraph), and a 15% withholding tax would apply to the gross proceeds from such disposition. Non-U.S. holders should

ds of the disposition of our common units effected outside the United States by such a broker if it has certain relationships within the U nstances, a holder might be eligible for refunds or credits of such taxes.

INVESTMENT IN VIPER ENERGY PARTNERS LP BY EMPLOYEE BENEFIT PLANS

ing assets are considered to include plan assets of such plans, accounts or arrangements. Under ERISA and the Code, any person wh

endent fiduciary of the plan is

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person cannot receive a fee or other compensation directly from the plan, Plan Fiduciary, plan participant or beneficiary, IRA, or IRA o

n will not be accepted unless specifically agreed to by our general partner.

hout limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 resp

efit plan subject to part 4

imize the risks of large losses, and to comply with constituent documents of such plans. The Plan Fiduciary of a plan, and not our gener

ciaries who decide to invest in or common units could, under certain circumstances, be liable for prohibited transactions or other violati

r common units, signifies its informed consent to the risks involved in doing so and to the business terms of the partnership. Moreov

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SELLING UNITHOLDERS

t as of the date of this prospectus were issued to Diamondback in the Recapitalization Transaction on May 9, 2018 in exchange for an ec

ement transactions exempt from or not subject to the registration requirements of the Securities Act. Assuming the sale of all common u

56,084,847

nondback. In addition, under our partnership agreement we have agreed to register for resale under the Securities Act any common units

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PLAN OF DISTRIBUTION

ncluding warrants, exchangeable securities, forward delivery contracts and the writing of options.

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g unitholders may agree to indemnify any agent, broker or dealer that participates in sales of securities against liabilities arising under th

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sly distributed securities in transactions to cover short positions, in stabilization transactions or otherwise. These activities may stabilize

nits. We may pay all expenses incurred with respect to the registration of the common units owned by such other selling unitholders, ot

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LEGAL MATTERS

EXPERTS

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