

LAS VEGAS SANDS CORP

Form 10-K

March 01, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K**

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

For the fiscal year ended December 31, 2009

or

**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 registrant as specified in its charter)

Nevada

*(State or other jurisdiction of
incorporation or organization)*

27-0099920

*(IRS Employer
Identification No.)*

3355 Las Vegas Boulevard South

Las Vegas, Nevada

(Address of principal executive offices)

89109

(Zip Code)

Registrant's telephone number, including area code:

(702) 414-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock (\$0.001 par value)

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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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 Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
As of June 30, 2009, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$2,484,669,331 based on the closing sale price on that date as reported on the New York Stock Exchange.

The Company had 660,323,374 shares of common stock outstanding as of February 19, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

Description of document	Part of the Form 10-K
Portions of the definitive Proxy Statement to be used in connection with the registrant's 2010 Annual Meeting of Stockholders	Part III (Item 10 through Item 14)

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Las Vegas Sands Corp. (LVSC or together with its subsidiaries we or the Company) own and operate The Venetian Resort Hotel Casino (The Venetian Las Vegas), The Palazzo Resort Hotel Casino (The Palazzo) and The Sands Expo and Convention Center (the Sands Expo Center) in Las Vegas, Nevada, and the Sands Macao, The Venetian Macao Resort Hotel (The Venetian Macao), the Four Seasons Hotel Macao, Cotai Strip (the Four Seasons Hotel Macao, which is managed by Four Seasons Hotels Inc.) and the Plaza Casino (together with the Four Seasons Hotel Macao, the Four Seasons Macao) in the Macau Special Administrative Region (Macau) of the People's Republic of China (China). We are also creating a master-planned development of integrated resort properties, anchored by The Venetian Macao, which we refer to as the Cotai Strip[™] in Macau. In addition, we are developing Marina Bay Sands, an integrated resort in Singapore, and Sands Casino Resort Bethlehem (the Sands Bethlehem), an integrated resort in Bethlehem, Pennsylvania.

Our Company

LVSC was incorporated as a Nevada corporation in August 2004. Our common stock is traded on the New York Stock Exchange (the NYSE) under the symbol LVS. Immediately prior to our initial public offering in December 2004, we acquired 100% of the capital stock of Las Vegas Sands, Inc. (LVSI), a Nevada corporation and the direct or indirect owner and operator of The Venetian Las Vegas, Sands Expo Center and Sands Macao, by merging LVSI with and into our wholly owned subsidiary, leaving LVSI as the surviving subsidiary. LVSI was incorporated in Nevada in April 1988. In July 2005, LVSI was converted into a limited liability company and changed its name to Las Vegas Sands, LLC (LVSLLC).

In November 2009, our newly formed subsidiary, Sands China Ltd. (SCL, the direct or indirect owner and operator of the majority of our Macau operations, including Sands Macao, The Venetian Macao, Four Seasons Macao and our ferry operations, and developer of the remaining Cotai Strip integrated resorts), completed an initial public offering of its ordinary shares (the SCL Offering) on The Main Board of The Stock Exchange of Hong Kong Limited (SEHK). Immediately following the SCL Offering and several transactions consummated in connection with such offering (see Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 9 Equity Noncontrolling Interests), we owned 70.3% of 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 United States absent a registration under the Securities Act of 1933, as amended, or an applicable exception from such registration requirements.

Our principal executive office is located at 3355 Las Vegas Boulevard South, Las Vegas, Nevada 89109. Our telephone number at that address is (702) 414-1000. Our website address is www.lasvegassands.com. The information on our website is not part of this Annual Report on Form 10-K.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and other Securities and Exchange Commission (SEC) filings, and any amendments to those reports and any other filings that we file with or furnish to the SEC under the Securities Exchange Act of 1934 are made available free of charge on our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC and are also available in the SEC's Public Reference Room at 100 F Street, NE, Washington D.C., 20549.

This Annual Report on Form 10-K contains certain forward-looking statements. See Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Special Note Regarding Forward-Looking Statements. Our principal operating and developmental activities occur in three geographic areas: United States, Macau and Singapore. Management 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; and Other Asia (comprised primarily of our ferry operations and various other operations that are ancillary to our properties in Macau). Management also reviews construction and development activities for each of its primary projects, some of which have been suspended (as further described below): The Venetian Las Vegas; The Palazzo; Sands Bethlehem; Sands Macao; The Venetian Macao; Four Seasons Macao; Other Asia; Marina Bay Sands in Singapore; Other Development Projects (comprised primarily of our other Cotai Strip development projects);

and Corporate and Other (comprised primarily of airplanes and our St. Regis-branded Las Vegas condominium project). The Venetian Las Vegas and The Palazzo operating segments are managed as a single integrated resort and have been aggregated as one reportable segment (collectively, 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 our organizational and management reporting structure. See Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 17 Segment Information.

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Operations

Las Vegas

Our Las Vegas Operating Properties represent an integrated resort with approximately 7,100 suites and approximately 225,000 square feet of gaming space, which includes approximately 240 table games and 3,020 slot machines.

The Venetian Las Vegas has 4,027 suites situated in a 3,014-suite, 35-story three-winged tower rising above the casino and the 1,013-suite, 12-story Venezia tower situated above a parking garage. The casino at The Venetian Las Vegas has approximately 120,000 square feet of gaming space and includes approximately 115 table games and 1,610 slot machines. The Venetian Las Vegas features a variety of amenities for its guests, including a Paiza Club[™] offering high-end services and amenities to VIP customers, such as luxurious suites, spa facilities and private gaming rooms; a Canyon Ranch SpaClub, operated by Canyon Ranch; and a theater/entertainment complex featuring a wide variety of entertainment. The Venetian Las Vegas also includes an enclosed retail, dining and entertainment complex of approximately 440,000 net leasable square feet (The Grand Canal Shoppes), which was sold to GGP Limited Partnership (GGP) in 2004.

The Palazzo features modern European ambience and design, is situated adjacent to and north of The Venetian Las Vegas, and is directly connected to The Venetian Las Vegas and Sands Expo Center. The casino at The Palazzo is approximately 105,000 square feet of gaming space and has approximately 125 table games and 1,410 slot machines. The Palazzo has a 50-floor luxury hotel tower with 3,066 suites and includes a Canyon Ranch SpaClub; a Paiza Club; an entertainment center; and an enclosed shopping and dining complex of approximately 400,000 net leasable square feet (The Shoppes at The Palazzo), which was sold to GGP on February 29, 2008.

With approximately 1.2 million gross square feet of exhibit and meeting space, Sands Expo Center is one of the largest overall trade show and convention facilities in the United States (as measured by net leasable square footage). We also own and operate an approximately 1.1 million gross square foot meeting and conference facility that links Sands Expo Center to The Venetian Las Vegas and The Palazzo. Together, we offer approximately 2.3 million gross square feet of state-of-the-art exhibition and meeting facilities that can be configured to provide small, mid-size or large meeting rooms and/or accommodate large-scale multi-media events or trade shows. Management believes that these combined facilities, together with the on-site amenities offered by The Venetian Las Vegas and The Palazzo, provide a flexible and expansive space for large-scale trade shows and conventions.

Management markets the meeting and conference facility to complement the operations of Sands Expo Center for business conferences and upscale business events typically held during the mid-week period, thereby generating room-night demand and driving average daily room rates during the weekday move-in/move-out phases of Sands Expo Center's events. Events at our exhibition and meeting facilities typically take place during the mid-week when Las Vegas hotels and casinos experience lower demand, unlike weekends and holidays during which occupancy and room rates are at their peaks. Our goal is to draw from attendees and exhibitors at these facilities to maintain mid-week demand at our hotels from this higher-budget market segment, when room demand would otherwise be derived from the lower-budget tour-and-travel-group market segment. In 2009, approximately 0.8 million visitors attended meetings, trade shows and conventions at Sands Expo Center and our meeting and conference facilities.

Pennsylvania

We are in the process of developing 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. We own 86% of the economic interest of the gaming, hotel and entertainment portion of the property through our ownership interest in Sands Bethworks Gaming LLC and more than 35% of the economic interest of the retail portion of the property through our ownership interest in Sands Bethworks Retail, LLC.

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On May 22, 2009, we opened the casino component of Sands Bethlehem, which features 3,250 slot machines and several food and beverage offerings, as well as the parking garage and surface parking. Construction activities on the remaining components, which include a 300-room hotel, 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 December 31, 2009, we have capitalized construction costs of \$628.6 million for this project (including \$31.6 million in outstanding construction payables). We expect to spend approximately \$45 million on furniture, fixtures and equipment (FF&E) and other costs, and to pay outstanding construction payables, as noted above. In February 2010, we submitted a petition to the Pennsylvania Gaming Control Board (the PaGCB) seeking a certificate to add table games based on a revision to the Pennsylvania Act in 2010 that authorized table games. If approved by the PaGCB, we expect to spend an additional approximately \$27 million to add table games, including the \$16.5 million license fee. The impact of the suspension on the estimated overall cost of the project s remaining components is currently not determinable with certainty.

Macau

SCL, of which we own 70.3% subsequent to the SCL Offering and related transactions, includes the operations of the Sands Macao, The Venetian Macao, Four Seasons Macao and other ancillary operations that support these properties. We operate the gaming areas within these properties pursuant to a 20-year gaming subconcession.

The Sands Macao, the first Las Vegas-style casino in Macau, is situated near the Macau-Hong Kong Ferry Terminal on a waterfront parcel centrally located between the Gonbei border gate and the central business district. This location provides the Sands Macao primary access to a large customer base, particularly the approximately 8.7 million visitors who arrived in Macau by ferry in 2009. The Sands Macao includes approximately 229,000 square feet of gaming space and currently has approximately 420 table games and 1,170 slot machines or similar electronic gaming devices. The Sands Macao also includes a 289-suite hotel tower, several restaurants, a spacious Paiza Club, a theater and other high-end services and amenities.

The Venetian Macao is the anchor property for our Cotai Strip development, which is located approximately two miles from Macau s Taipa Temporary Ferry Terminal on Macau s Taipa Island. The Venetian Macao includes approximately 550,000 square feet of gaming space and has approximately 600 table games and 2,200 slot machines or similar electronic gaming devices, and a designed capacity of approximately 1,150 table games and 7,000 slot machines or similar electronic gaming devices. The Venetian Macao, with a theme similar to that of The Venetian Las Vegas, also features a 39-floor luxury hotel tower with over 2,900 suites; approximately 1.0 million square feet of retail and dining offerings; a convention center and meeting room complex of approximately 1.2 million square feet; a 15,000-seat arena that has hosted a wide range of entertainment and sporting events; and a 1,800-seat theater that features *Zaia*, an original production from Cirque Du Soleil.

Management believes that the convention center and meeting room complex combined with the on-site amenities offered at The Venetian Macao provides a flexible and expansive space for large-scale trade shows and conventions. We market The Venetian Macao similar to our Las Vegas Operating Properties, with events at the convention and meeting room complex typically taking place during the week when hotels and casinos in Macau normally experience lower demand, unlike weekends and holidays during which occupancy and room rates are at their peak. Our goal is to draw from attendees and exhibitors at our convention and meeting room complex to maintain mid-week demand at our hotel from this higher-budget market segment.

In August 2008, we opened the Four Seasons Macao, which is located adjacent to The Venetian Macao. The Four Seasons Macao includes the Four Seasons Hotel Macao with 360 rooms and suites managed by Four Seasons Hotels Inc. and the Plaza Casino, which we own and operate and which features approximately 70,000 square feet of gaming space with approximately 120 table games and 200 slot machines or similar electronic gaming devices; 19 Paiza mansions; several food and beverage offerings; conference and banquet facilities; and retail space of approximately 211,000 square feet, which is connected to the mall at The Venetian Macao. The property will also feature the Four Seasons Apartments Macao, Cotai Striptm (the Four Seasons Apartments), which will consist of approximately 1.0 million square feet of Four Seasons-serviced and -branded luxury apart-hotel units and common areas. We have completed the structural work of the tower and expect to monetize the units within the Four Seasons Apartments

through various potential methods subject to market conditions and obtaining the relevant government approvals. As of December 31, 2009, we have capitalized construction costs of \$1.05 billion for this project (including \$28.0 million of outstanding construction payables). We expect to spend approximately \$165 million primarily on costs to complete the Four Seasons Apartments, including FF&E, pre-opening costs and additional land premiums, and to pay for outstanding construction payables, as noted above.

Table of Contents**Development Projects**

Given the challenging conditions in the capital markets and the global economy and their impact on our ongoing operations, we revised our development plan to suspend portions of our development projects and focus our development efforts on those projects with the highest expected rates of return on invested capital. Should general economic conditions fail to improve, if we are unable to obtain sufficient funding such that completion of our suspended projects is not probable, or should management decide to abandon certain projects, all or a portion of our investment to date on our suspended projects could be lost and would result in an impairment charge. In addition, we may be subject to penalties under the termination clauses in our construction contracts or termination rights under our management contracts with certain hotel management companies.

United States Development Project

We were constructing a St. Regis-branded high-rise residential condominium tower, the St. Regis Residences at The Venetian Palazzo (the St. Regis Residences), located on the Las Vegas Strip between The Palazzo and The Venetian. As part of our revised development plan, we suspended our construction activities for the project due to reduced demand for Las Vegas Strip condominiums and the overall decline in general economic conditions. We intend to recommence construction when demand and conditions improve and expect that it will take approximately 18 months thereafter to complete construction of the project. As of December 31, 2009, we have capitalized construction costs of \$184.8 million for this project (including \$4.8 million in outstanding construction payables). We expect to spend approximately \$10 million on additional costs and to pay outstanding construction payables, as noted above. The impact of the suspension on the estimated overall cost of the project is currently not determinable with certainty.

Macao Development Projects

We submitted plans to the Macau government for our 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 we refer 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, spas, dining, retail and entertainment facilities and other amenities. We commenced construction or pre-construction on these developments and plan to operate the related gaming areas under our Macau gaming subconcession. In addition, we are completing the development of some public areas surrounding our Cotai Strip properties on behalf of the Macau government. We currently intend to develop our other Cotai Strip properties as follows:

Parcels 5 and 6 Under our revised development plan, we are sequencing the construction of the integrated resort on parcels 5 and 6 due to difficulties in the capital markets and overall decline in general economic conditions. Upon completion of phases I and II of the project, the integrated resort will feature approximately 6,000 luxury and mid-scale 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, theater 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 Sheraton hotel tower as well as the remaining retail facilities. The total cost to complete phase II is expected to be approximately \$235 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. The total cost to complete phase III is expected to be approximately \$450 million. In connection with receiving commitments of \$1.75 billion of project financing in November 2009 (which we expect to close in March 2010) to be used together with a portion of the proceeds from the SCL Offering, we are recommencing construction of phases I and II and expect that it will take approximately 16 months to complete construction of phase I, an additional six months thereafter to complete the adjacent Sheraton tower in phase II and an additional 24 months thereafter to complete the remaining retail facilities in phase

II. We intend to commence construction of phase III of the project as demand and market conditions warrant it. As of December 31, 2009, we have capitalized construction costs of \$1.73 billion for the entire project (including \$138.0 million in outstanding construction payables). Our management agreements with Starwood and Shangri-La impose certain construction deadlines and opening obligations on us and certain past and/or anticipated delays, as described above, may represent a default under the respective agreements, which would allow Starwood and Shangri-La to terminate their respective agreements. We are currently negotiating amendments to the management agreements with Starwood and Shangri-La to provide for new opening timelines, which we expect to finalize by the second quarter of 2010.

Parcels 7 and 8 The integrated resort on parcels 7 and 8 is expected to be similar in size and scope to the integrated resort on parcels 5 and 6. We had commenced pre-construction and have capitalized construction costs of \$116.2 million as of December 31, 2009. We intend to commence construction after the integrated resorts on parcels 5 and 6 and 3 are complete, necessary government approvals are obtained, regional and global economic conditions improve, future demand warrants it and additional financing is obtained.

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Parcel 3 The integrated resort on parcel 3 will be connected to The Venetian Macao and Four Seasons Macao. The multi-hotel complex is intended to include a gaming area, a shopping mall and serviced luxury apart-hotel units. We had commenced pre-construction and have capitalized construction costs of \$35.7 million as of December 31, 2009. We intend 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.

The impact of the delayed construction on our previously estimated cost to complete our Cotai Strip developments is currently not determinable with certainty. As of December 31, 2009, we have capitalized an aggregate of \$5.82 billion in construction costs for our Cotai Strip developments, including The Venetian Macao and Four Seasons Macao, as well as our investments in transportation infrastructure, including our passenger ferry service operations. In addition to the commitments for project financing, which we received for phases I and II of parcels 5 and 6 in November 2009, we will need to arrange additional financing to fund the balance of our Cotai Strip developments and there is no assurance that we will be able to obtain any of the additional financing required.

We have 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. We do not own these land sites in Macau; however, the land concession, which has an initial term of 25 years and is renewable at our option in accordance with Macau law, grants us exclusive use of the land. As specified in the land concession, we are required to pay premiums for each parcel, which are either payable in a single lump sum upon acceptance of our 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. In October 2008, the Macau government amended our land concession to allow us to subdivide parcel 2 into four separate units under Macau's horizontal property regime, consisting of retail, hotel/casino, Four Seasons Apartments and parking areas.

Under our land concession for parcel 3, we were initially required to complete the corresponding development by August 2011. The Macau government has granted us a two-year extension to complete the development of parcel 3, which now must be completed by April 2013. We believe that if we are not able to complete the development by the revised deadline, we will be able to obtain another extension from the Macau government; however, no assurances can be given that an additional extension will be granted. If we are unable to meet the April 2013 deadline and that deadline is not extended, we could lose our land concession for parcel 3, which would prohibit us from operating any facilities developed under the land concession for parcel 3. As a result, we could forfeit all or a substantial portion of our \$35.7 million in capitalized costs, as of December 31, 2009, related to our development on parcel 3.

In November 2009, we received the final draft of the land concession agreement from the Macau government for parcels 5 and 6. We have formally accepted the terms and conditions of the draft land concession and have made an initial premium payment of 700.0 million patacas (approximately \$87.6 million at exchange rates in effect on December 31, 2009). The land concession will not become effective until the date it is published in Macau's Official Gazette. Once the land concession becomes effective, we will be required to make additional land premium and annual rent payments in the amounts and at the times specified in the land concession. The land concession requires us to complete the development of the integrated resort on parcels 5 and 6 within 48 months of the date it is published in Macau's Official Gazette. If we are not able to meet this deadline, we will need to obtain an extension to complete the development on parcels 5 and 6; however, no assurances can be given that such extension will be granted. If we are unable to meet the deadline and that deadline is not extended, we could lose our land concession for parcels 5 and 6, which would prohibit us from operating any facilities developed under the land concession. As a result, we could forfeit all or a substantial part of our \$1.73 billion in capitalized costs, as of December 31, 2009, related to our development on parcels 5 and 6.

We do not yet have all of the necessary Macau government approvals to develop our planned Cotai Strip developments on parcels 3, 5, 6, 7 and 8. We have received a land concession for parcel 3 and will negotiate the land concession for parcels 7 and 8 once the land concession for parcels 5 and 6, as previously noted, is finalized. Based on historical experience with the Macau government with respect to our land concessions for the Sands Macao and parcels 1, 2, 3, 5 and 6, management believes that the land concessions for parcels 7 and 8 will be granted; however, if we do not obtain these land concessions, we could forfeit all or a substantial part of our \$116.2 million in capitalized

costs, as of December 31, 2009, related to our developments on parcels 7 and 8.

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Our 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 is expected to include three 55-story hotel towers (totaling approximately 2,600 rooms and suites), 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 December 31, 2009, we have capitalized 5.63 billion Singapore dollars (*SGD*, approximately \$4.01 billion at exchange rates in effect on December 31, 2009) in costs for this project, including the land premium and SGD 745.3 million (approximately \$530.6 million at exchange rates in effect on December 31, 2009) in outstanding construction payables. We expect to spend approximately SGD 3.2 billion (approximately \$2.3 billion at exchange rates in effect on December 31, 2009) 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 2.6 billion (approximately \$1.8 billion at exchange rates in effect on December 31, 2009) is expected to be spent in 2010. As we have obtained Singapore-denominated financing and primarily pay our costs in Singapore dollars, our exposure to foreign exchange gains and losses is expected to be minimal. Based on our current development plan, we expect to open the Marina Bay Sands on April 27, 2010.

Other Development Projects

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

The Las Vegas Market

The hotel/casino industry is highly competitive. Hotels on the Las Vegas Strip compete with other hotels on and off the Las Vegas Strip, including hotels in downtown Las Vegas. Competitors of our Las Vegas Operating Properties include resorts on the Las Vegas Strip, such as newly opened CityCenter, the Bellagio, Mandalay Bay, Wynn Las Vegas, Encore and Caesars Palace, and properties off the Las Vegas Strip. In addition, several large projects, some of which are currently suspended, are expected to open in the next several years; some of these facilities are or will be operated by companies that may have significant name recognition and financial and marketing resources and may target the same customers as we do. We also compete with casinos located on Native American tribal lands. The proliferation of gaming in California and other areas located in the same region as our Las Vegas Operating Properties could have an adverse effect on our financial condition, results of operations or cash flows. Our Las Vegas Operating Properties also compete, to some extent, with other hotel/casino facilities in Nevada and Atlantic City, hotel/casino and other resort facilities elsewhere in the country and the world, internet gaming websites and state lotteries. As a result of the current economic environment and a reduction in discretionary consumer spending, the nature of the current operating environment has, and may continue to, lend itself to increased competition particularly along the Las Vegas Strip. See *Item 1A Risk Factors Risks Related to Our Business* Our business is particularly sensitive to reductions in discretionary consumer spending as a result of downturns in the economy.

In addition, certain states have legalized, and others may legalize, casino gaming in specific areas. The continued proliferation of gaming venues could significantly and adversely affect our business. In particular, the legalization of casino gaming in or near major metropolitan areas from which we traditionally attract customers could have a material adverse effect on our business. The current global trend toward liberalization of gaming restrictions and the resulting proliferation of gaming venues could result in a decrease in the number of visitors to our Las Vegas Operating Properties, which could have an adverse effect on our financial condition, results of operations or cash flows.

Las Vegas generally competes with trade show and convention facilities located in and around major U.S. cities. Within Las Vegas, the Sands Expo Center competes with the Las Vegas Convention Center (the *LVCC*), which currently has approximately 3.2 million gross square feet of convention and exhibit facilities. In addition to the LVCC, Mandalay Bay, certain properties of MGM MIRAGE and Wynn Las Vegas have convention and conference facilities that compete with our Las Vegas Operating Properties. The large projects mentioned above, which are expected to open in the next several years, are expected to include additional convention and conference facilities.

Competitors of our Las Vegas Operating Properties that can offer a hotel/casino experience that is integrated with substantial trade show and convention, conference and meeting facilities, could have an adverse effect on our competitive advantage in attracting trade show and convention, conference and meeting attendees.

Table of Contents**The Macau Market*****Macau as a Gaming and Resort Destination***

Macau is regarded as the largest gaming market in the world and is the only market in China to offer legalized casino gaming. In May 2004, Sands Macao became the first Las Vegas-style casino to open in Macau and with our openings of The Venetian Macao in August 2007 and the Four Seasons Macao in August 2008, we believe that our high-quality gaming product has enabled us to capture a meaningful share of the overall market, including the VIP player market segment, in Macau.

According to Macau government statistics, gaming revenues in Macau during 2009 reached \$14.9 billion, a 9.7% increase over 2008 despite a 5.1% decrease in visits to Macau during 2009 when compared to 2008. During 2009, 29.6% of visitors traveling to Macau stayed overnight in hotels and guestrooms and, for those who stayed overnight in hotels and guestrooms, the average length of stay was between 1 and 2 nights. We expect this length of stay to increase with increased visitation, the expansion of gaming and non-gaming amenities including retail, entertainment, meeting and convention facility offerings, and the addition of upscale hotel accommodations in Macau.

Table games are the dominant form of gaming in Asia with baccarat being the most popular game, followed by other traditional U.S. and Asian games. Slot machines are offered in Macau, but the structure of the gaming market in Macau has historically favored table gaming. With the increase in the mass gaming market in Macau, slot machines are becoming an important feature of the market. We expect the slot machine business to grow in Macau, and we intend to continue to introduce more modern and popular products that appeal to the Asian marketplace.

We believe that as new facilities and standards of service are introduced, Macau will become an even more desirable tourist destination. The improved experience of visitors to Macau should lead to longer stays, an increase in repeat visitation from existing feeder markets and the opening of several new feeder markets. In addition, we believe that an expanding Chinese middle class will eventually lead to increased travel to Macau and generate increased demand for gaming, entertainment and resort offerings as global general economic conditions improve.

Proximity to Major Asian Cities

Approximately 1.0 billion people are estimated to live within a three-hour flight from Macau and approximately 3.0 billion people are estimated to live within a five-hour flight from Macau. According to Macau government statistics, 81.4% of the tourists who visited Macau in 2009 came from Hong Kong or mainland China. Although the total number of visitors from Hong Kong continues to grow, that market has shrunk as a percentage of the total visitor distribution from 38.9% in 2003 to 30.9% in 2009, while visitors from mainland China made up 50.5% of total visitors to Macau in 2009. Recent travel restrictions from mainland China are affecting overall visitation to Macau. See Item 1A Risk Factors Risks Associated with Our International Operations The number of visitors to Macau, particularly visitors from mainland China, may decline or travel to Macau may be disrupted.

Gaming customers from Hong Kong, southeast China, Taiwan and other locations in Asia can reach Macau in a relatively short period of time, using a variety of transportation methods, and visitors from more distant locations in Asia can take advantage of short travel times by air to Macau, Zhuhai, Shenzhen, Guangzhou or to Hong Kong (followed by a road, ferry or helicopter trip to Macau). In addition, numerous carriers fly directly into Macau International Airport from many major cities in Asia. The relatively easy access from major population centers promotes Macau as a popular gaming and resort destination in Asia.

Macau draws a significant number of gaming customers from both visitors to and residents of Hong Kong. One of the major methods of transportation to Macau from Hong Kong is the jetfoil ferry service, including our ferry service, The Cotai Strip CotaiJettm, which we opened in late 2007. Macau is also accessible from Hong Kong by helicopter. In addition, the proposed bridge linking Hong Kong, Macau and Zhuhai is expected to reduce the travel time between central Hong Kong and Macau. The bridge is expected to be completed sometime between 2015 and 2016.

The Macau pataca and the Hong Kong dollar are linked to each other and, in many cases, are used interchangeably in Macau; however, currency exchange controls and restrictions on the export of currency by certain countries may negatively impact the success of our operations. For example, there are currently existing currency exchange controls and restrictions on the export of the renminbi, the legal currency in China. In addition, restrictions on the export of the renminbi may impede the flow of gaming customers from mainland China to Macau, inhibit the growth of gaming in Macau or negatively impact our gaming operations.

Table of Contents***Competition in Macau***

Gaming in Macau is administered through government-sanctioned concessions awarded to three different concessionaires and three subconcessionaires, of which we are one. The Macau government had undertaken contractually not to grant additional gaming concessions until April 1, 2009. No additional concessions have been granted; however, if the Macau government decides to allow additional competitors to operate in Macau through the grant of additional concessions or subconcessions, we will face additional competition, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Sociedade de Jogos de Macau S.A. (*SJM*), controlled by Stanley Ho, holds one of the three concessions and currently operates 20 facilities throughout Macau. Historically, *SJM* was the only gaming operator in Macau, with over 40 years of operating experience in Macau. Many of its 20 casinos are relatively small facilities that are offered as amenities in hotels; however, a number are large operations enjoying significant recognition by gaming customers in the marketplace. *SJM* was obligated to invest at least approximately 4.7 billion patacas (approximately \$588.4 million at exchange rates in effect on December 31, 2009) by March 31, 2009, under its concession agreement with the Macau government. *SJM*'s projects include the recently expanded Grand Lisboa, the Fisherman's Wharf entertainment complex, *L Arc*, *Oceanus* and other projects. *MGM Grand Paradise Limited*, a joint venture between *MGM MIRAGE* and Stanley Ho's daughter, Pansy Ho Chiu-King, obtained a subconcession in April 2005 allowing it to conduct gaming operations in Macau. The *MGM Grand Macau* opened in December 2007 and features approximately 600 rooms, 375 table games, 900 slot machines, restaurants and entertainment amenities.

Galaxy Casino Company Limited (*Galaxy*) holds a concession and has the ability to operate casino properties independent of our subconcession agreement with *Galaxy* and the Macau government. *Galaxy* was obligated to invest at least 4.4 billion patacas (approximately \$550.9 million at exchange rates in effect on December 31, 2009) by June 2012 under its concession agreement with the Macau government. *Galaxy* currently operates five casinos in Macau, including *StarWorld Hotel*, which opened in October 2006 and has over 500 hotel rooms and a 140,000 square foot gaming floor. *Galaxy Macau*, which will be located adjacent to *The Venetian Macao*, is currently expected to open in 2010 and upon completion will feature approximately 2,500 hotel rooms and capacity for 700 table games and 4,000 slot machines.

Wynn Resorts (Macau), S.A. (*Wynn Resorts Macau*), a subsidiary of *Wynn Resorts Limited*, holds the third concession. *Wynn Macau* opened in September 2006 and with its expansion in late 2007, now includes an approximately 600-room hotel, a casino and other non-gaming amenities. In 2006, *Wynn Resorts Macau* sold its subconcession right under its gaming concession to an affiliate of *Publishing and Broadcasting Limited* (*PBL*), which permitted the *PBL* affiliate to receive a gaming subconcession from the Macau government. In May 2007, the *PBL* affiliate opened the *Crown Macau*, which has been rebranded to *Altira* during 2009 and includes an approximately 216-room hotel, a casino and other non-gaming amenities. In June 2009, the *PBL* affiliate opened the *City of Dreams*, an integrated casino resort located adjacent to our *Cotai Strip* parcels 5 and 6, which includes a *Crown Towers* hotel with 286 rooms, a *Hard Rock* hotel with 322 rooms, a *Grand Hyatt* hotel with 791 rooms, two casinos and other non-gaming facilities.

Our Macau operations will also face competition from casinos located in other areas of Asia, such as the major gaming and resort destination *Genting Highlands Resort*, located outside of *Kuala Lumpur*, *Malaysia*, and casinos in *South Korea* and the *Philippines*, as well as pachinko and pachislot parlors in *Japan*. We will also encounter competition from other major gaming centers worldwide.

Advertising and Marketing

We advertise in many types of media, including television, internet, radio, newspapers, magazines and billboards, to promote general market awareness of our properties as unique vacation, business and convention destinations due to our first-class hotels, casinos, retail stores, restaurants and other amenities. We actively engage in direct marketing as allowed in various geographic regions, which is targeted at specific market segments, including the premium slot and table games markets.

Regulation and Licensing***State of Nevada***

The ownership and operation of casino gaming facilities in the State of Nevada are subject to the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the Nevada Act) and various local regulations. Our gaming operations are also subject to the licensing and regulatory control of the Nevada Gaming Commission (the Nevada Commission), the Nevada Gaming Control Board (the Nevada Board) and the Clark County Liquor and Gaming Licensing Board (the CCLGLB) and together with the Nevada Commission and the Nevada Board, the Nevada Gaming Authorities).

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The laws, regulations and supervisory procedures of the Nevada Gaming Authorities are based upon declarations of public policy that are concerned with, among other things:

the prevention of unsavory or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity;

the establishment and maintenance of responsible accounting practices and procedures;

the maintenance of effective controls over the financial practices of licensees, including establishing minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues, providing reliable record-keeping and requiring the filing of periodic reports with the Nevada Gaming Authorities;

the prevention of cheating and fraudulent practices; and

the establishment of a source of state and local revenues through taxation and licensing fees.

Any change in such laws, regulations and procedures could have an adverse effect on our Las Vegas operations.

LVSLLC is licensed by the Nevada Gaming Authorities to operate both The Venetian Las Vegas and The Palazzo as a single resort hotel as set forth in the Nevada Act. The gaming license requires the periodic payment of fees and taxes and is not transferable. LVSLLC is also registered as an intermediary company of Venetian Casino Resort, LLC (VCR). VCR is licensed as a manufacturer and distributor of gaming devices. LVSLLC and VCR are collectively referred to as the licensed subsidiaries. LVSC is registered with the Nevada Commission as a publicly traded corporation (the registered corporation). As such, we must periodically submit detailed financial and operating reports to the Nevada Gaming Authorities and furnish any other information that the Nevada Gaming Authorities may require. No person may become a stockholder of, or receive any percentage of the profits from, the licensed subsidiaries without first obtaining licenses and approvals from the Nevada Gaming Authorities. Additionally, the CCLGLB has taken the position that it has the authority to approve all persons owning or controlling the stock of any corporation controlling a gaming licensee. We, and the licensed subsidiaries, possess all state and local government registrations, approvals, permits and licenses required in order for us to engage in gaming activities at The Venetian Las Vegas and The Palazzo.

The Nevada Gaming Authorities may investigate any individual who has a material relationship to or material involvement with us or the licensed subsidiaries to determine whether such individual is suitable or should be licensed as a business associate of a gaming licensee. Officers, directors and certain key employees of the licensed subsidiaries must file applications with the Nevada Gaming Authorities and may be required to be licensed by the Nevada Gaming Authorities. Our officers, directors and key employees who are actively and directly involved in the gaming activities of the licensed subsidiaries may be required to be licensed or found suitable by the Nevada Gaming Authorities.

The Nevada Gaming Authorities may deny an application for licensing or a finding of suitability for any cause they deem reasonable. A finding of suitability is comparable to licensing; both require submission of detailed personal and financial information followed by a thorough investigation. The applicant for licensing or a finding of suitability, or the gaming licensee by whom the applicant is employed or for whom the applicant serves, must pay all the costs of the investigation. Changes in licensed positions must be reported to the Nevada Gaming Authorities, and in addition to their authority to deny an application for a finding of suitability or licensure, the Nevada Gaming Authorities have jurisdiction to disapprove a change in a corporate position.

If the Nevada Gaming Authorities were to find an officer, director or key employee unsuitable for licensing or to have an inappropriate relationship with us or the licensed subsidiaries, we would have to sever all relationships with such person. In addition, the Nevada Commission may require us or the licensed subsidiaries to terminate the employment of any person who refuses to file appropriate applications. Determinations of suitability or questions pertaining to licensing are not subject to judicial review in Nevada.

We, and the licensed subsidiaries, are required to submit periodic detailed financial and operating reports to the Nevada Commission. Substantially all of our and our licensed subsidiaries' material loans, leases, sales of securities and similar financing transactions must be reported to or approved by the Nevada Commission.

If it were determined that we or a licensed subsidiary violated the Nevada Act, the registration and gaming licenses we then hold could be limited, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, we and the persons involved could be subject to substantial fines for each separate violation of the Nevada Act at the discretion of the Nevada Commission. Further, a supervisor could be appointed by the Nevada Commission to operate the casinos, and, under certain circumstances, earnings generated during the supervisor's appointment (except for the reasonable rental value of the casinos) could be forfeited to the State of Nevada. Limitation, conditioning or suspension of any gaming registration or license or the appointment of a supervisor could (and revocation of any gaming license would) materially adversely affect our gaming operations.

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Any beneficial holder of our voting securities, regardless of the number of shares owned, may be required to file an application, be investigated, and have its suitability as a beneficial holder of our voting securities determined if the Nevada Commission has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting any such investigation.

The Nevada Act requires any person who acquires more than 5% of our voting securities to report the acquisition to the Nevada Commission. The Nevada Act requires that beneficial owners of more than 10% of our voting securities apply to the Nevada Commission for a finding of suitability within thirty days after the Chairman of the Nevada Board mails the written notice requiring such filing. Under certain circumstances, an institutional investor as defined in the Nevada Act, which acquires more than 10%, but not more than 15%, of our voting securities (subject to certain additional holdings as a result of certain debt restructurings or stock re-purchase programs under the Nevada Act), may apply to the Nevada Commission for a waiver of such finding of suitability if such institutional investor holds the voting securities only for investment purposes.

An institutional investor will be deemed to hold voting securities only for investment purposes if it acquires and holds the voting securities in the ordinary course of business as an institutional investment and not for the purpose of causing, directly or indirectly, the election of a majority of the members of our Board of Directors, any change in our corporate charter, by-laws, management, policies or our operations or any of our gaming affiliates, or any other action which the Nevada Commission finds to be inconsistent with holding our voting securities only for investment purposes. Activities that are deemed consistent with holding voting securities only for investment purposes include:

- voting on all matters voted on by stockholders;
- making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in management, policies or operations; and
- such other activities as the Nevada Commission may determine to be consistent with such investment intent.

If the beneficial holder of voting securities who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners. If the beneficial holder of nonvoting securities who must be licensed or found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners holding more than 5% of its voting securities. The applicant is required to pay all costs of investigation.

Any person who fails or refuses to apply for a finding of suitability or a license within thirty days after being ordered to do so by the Nevada Commission or the Chairman of the Nevada Board may be found unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any stockholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of the common stock of a registered corporation beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offense. We are subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or a licensed subsidiary, we, or any of the licensed subsidiaries:

- allow that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;
- pay remuneration in any form to that person for services rendered or otherwise; or
- fail to pursue all lawful efforts to require such unsuitable person to relinquish his or her voting securities including, if necessary, the purchase for cash at fair market value.

Our charter documents include provisions intended to help us comply with these requirements.

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The Nevada Commission may, in its discretion, require the holder of any debt security of a registered corporation to file an application, be investigated and be found suitable to own the debt security of such registered corporation. If the Nevada Commission determines that a person is unsuitable to own such security, then pursuant to the Nevada Act, the registered corporation can be sanctioned, including the loss of its approvals, if without the prior approval of the Nevada Commission, it:

pays to the unsuitable person any dividend, interest, or any distribution whatsoever;

recognizes any voting right by such unsuitable person in connection with such securities; or

pays the unsuitable person remuneration in any form.

We are required to maintain a current stock ledger in Nevada that may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities and we are also required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. We are also required to render maximum assistance in determining the identity of the beneficial owner. The Nevada Commission has the power to require our stock certificates to bear a legend indicating that such securities are subject to the Nevada Act; however, to date, no such requirement has been imposed on us.

We cannot make a public offering of any securities without the prior approval of the Nevada Commission if the securities or the proceeds from the offering are intended to be used to construct, acquire or finance gaming facilities in Nevada, or to retire or extend obligations incurred for such purposes. On November 20, 2008, the Nevada Commission granted us prior approval to make public offerings for a period of two years, subject to certain conditions (the shelf approval). The shelf approval includes prior approval by the Nevada Commission permitting us to place restrictions on the transfer of the membership interests and to enter into agreements not to encumber the membership interests of LVSLLC. However, the shelf approval may be rescinded for good cause without prior notice upon the issuance of an interlocutory stop order by the Chairman of the Nevada Board. The shelf approval does not constitute a finding, recommendation, or approval by the Nevada Commission or the Nevada Board as to the investment merits of any securities offered under the shelf approval. Any representation to the contrary is unlawful.

Changes in our control through a merger, consolidation, stock or asset acquisition, management or consulting agreement, or any act or conduct by any person whereby he or she obtains control, shall not occur without the prior approval of the Nevada Commission. Entities seeking to acquire control of a registered corporation must satisfy the Nevada Board and the Nevada Commission concerning a variety of stringent standards prior to assuming control of such registered corporation. The Nevada Commission may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process of the transaction.

The Nevada legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities and corporate defense tactics affecting Nevada gaming licensees, and registered corporations that are affiliated with those operations, may be injurious to stable and productive corporate gaming. The Nevada Commission has established a regulatory scheme to ameliorate the potentially adverse effects of these business practices upon Nevada's gaming industry and to further Nevada's policy to:

assure the financial stability of corporate gaming operators and their affiliates;

preserve the beneficial aspects of conducting business in the corporate form; and

promote a neutral environment for the orderly governance of corporate affairs.

Approvals are, in certain circumstances, required from the Nevada Commission before we can make exceptional repurchases of voting securities above the current market price thereof and before a corporate acquisition opposed by management can be consummated.

The Nevada Act also requires prior approval of a plan of recapitalization proposed by the Board of Directors in response to a tender offer made directly to our stockholders for the purposes of acquiring control of the registered corporation.

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License fees and taxes, computed in various ways depending upon the type of gaming or activity involved, are payable to the State of Nevada and to Clark County, Nevada. Depending upon the particular fee or tax involved, these fees and taxes are payable monthly, quarterly or annually and are based upon:

a percentage of the gross revenues received;

the number of gaming devices operated; or

the number of table games operated.

The tax on gross revenues received is generally 6.75%. In addition, an excise tax is paid by us on charges for admission to any facility where certain forms of live entertainment are provided. VCR is also required to pay certain fees and taxes to the State of Nevada as a licensed manufacturer and distributor.

Any person who is licensed, required to be licensed, registered, required to be registered, or under common control with such persons (collectively, licensees), and who proposes to become involved in a gaming operation outside of Nevada, is required to deposit with the Nevada Board, and thereafter maintain, a revolving fund in the amount of \$10,000 to pay the expenses of any investigation by the Nevada Board into their participation in such foreign gaming operation. The revolving fund is subject to increase or decrease at the discretion of the Nevada Commission. Thereafter, licensees are also required to comply with certain reporting requirements imposed by the Nevada Act. Licensees are also subject to disciplinary action by the Nevada Commission if they knowingly violate any laws of any foreign jurisdiction pertaining to such foreign gaming operation, fail to conduct such foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations, engage in activities that are harmful to the State of Nevada or its ability to collect gaming taxes and fees, or employ a person in such foreign operation who has been denied a license or a finding of suitability in Nevada on the ground of personal unsuitability or who has been found guilty of cheating at gambling.

The sale of alcoholic beverages by the licensed subsidiaries on the casino premises and Sands Expo Center is subject to licensing, control and regulation by the applicable local authorities. Our licensed subsidiaries have obtained the necessary liquor licenses to sell alcoholic beverages. All licenses are revocable and are not transferable. The agencies involved have full power to limit, condition, suspend or revoke any such licenses, and any such disciplinary action could (and revocation of such licenses would) have a material adverse effect upon our operations.

Commonwealth of Pennsylvania

Sands Bethworks Gaming is subject to the rules and regulations promulgated by the PaGCB and the Pennsylvania Department of Revenue, the on-site direction of the Pennsylvania State Police and the requirements of other agencies. On December 20, 2006, we were awarded one of two category 2 at large gaming licenses available in Pennsylvania, and a location in the Pocono Mountains was awarded the other category 2 at large license. On the same day, two category 2 licenses were awarded to applicants for locations in Philadelphia, one category 2 license was awarded to an applicant in Pittsburgh, and six race tracks were awarded permanent category 1 licenses. The principal difference between category 1 and category 2 licenses is that the former is available only to certain race tracks. A category 1 or category 2 licensee is authorized to open with up to 3,000 slot machines and to increase to up to 5,000 slot machines upon approval of the PaGCB, which may not take effect earlier than six months after opening. In July 2007, we paid a \$50.0 million licensing fee to the Commonwealth of Pennsylvania, and in August 2007 were issued our gaming license by the PaGCB. Just prior to the opening of the casino at Sands Bethlehem, we were required to make a deposit of \$5.0 million, which was reduced to \$1.5 million in January 2010 when the Pennsylvania Act was amended, to cover weekly withdrawals of our share of the cost of regulation and the amount withdrawn must be replenished weekly. In February 2010, we submitted a petition to the PaGCB to obtain a table games operation certificate to operate up to 250 table games at Sands Bethlehem, based on a revision to the Pennsylvania Act in 2010 that authorized table games. If approved by the PaGCB, we will be required to pay a one-time non-refundable \$16.5 million license fee.

We must notify the PaGCB if we become aware of any proposed or contemplated change of control including more than 5% of the ownership interests of Sands Bethworks Gaming or of more than 5% of the ownership interests of any entity that owns, directly or indirectly, at least 20% of Sands Bethworks Gaming, including LVSC. The acquisition by a person or a group of persons acting in concert of more than 20% of the ownership interests of Sands Bethworks

Gaming or of any entity that owns, directly or indirectly, at least 20% of Sands Bethworks Gaming with the exception of the ownership interest of a person at the time of the original licensure when the license fee was paid, would be defined as a change of control under applicable Pennsylvania gaming law and regulations. Upon a change of control, the acquirer of the ownership interests would be required to qualify for licensure and to pay a new license fee of \$50.0 million. The PaGCB retains the discretion to eliminate the need for qualification and may reduce the license fee upon a change of control. The PaGCB may provide up to 120 days for any person who is required to apply for a license and who is found not qualified to completely divest the person's ownership interest.

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Any person who acquires beneficial ownership of 5% or more of our voting securities will be required to apply to the PaGCB for licensure, obtain licensure and remain licensed. Licensure requires, among other things, that the applicant establish by clear and convincing evidence the applicant's good character, honesty and integrity. Additionally, any trust that holds 5% or more of our voting securities is required to be licensed by the PaGCB and each individual who is a grantor, trustee or beneficiary of the trust is also required to be licensed by the PaGCB. Under certain circumstances and under the regulations of the PaGCB, an institutional investor as defined under the regulations of the PaGCB, which acquires beneficial ownership of 5% or more, but less than 10%, of our voting securities, may not be required to be licensed by the PaGCB provided the PaGCB grants a waiver of the licensure requirement. In addition, any beneficial owner of our voting securities, regardless of the number of shares beneficially owned, may be required at the discretion of the PaGCB to file an application for licensure.

In the event a security holder is required to be found qualified and is not found qualified, the security holder may be required by the PaGCB to divest of the interest at a price not exceeding the cost of the interest.

In February 2009, the PaGCB approved our petition seeking its consent of the suspension of the hotel, retail and multipurpose event center components of Sands Bethlehem. This approval is subject to monthly reviews by the PaGCB's financial suitability task force and our meetings with this task force to evaluate our potential to finance the completion of the suspended components. Once the task force determines that we have the potential to finance the suspended components, a public hearing will be set to consider establishing a completion date for the overall project. No determination has been made to date that we have the potential to finance the suspended components.

Macau Concession and Our Subconcession

In June 2002, the Macau government granted one of three concessions to operate casinos in Macau to Galaxy. During December 2002, we entered into a subconcession agreement with Galaxy, which was approved by the Macau government. The subconcession agreement allows us to develop and operate certain casino projects in Macau, including Sands Macao, The Venetian Macao and Four Seasons Macao, separately from Galaxy. Under the subconcession agreement, we are obligated to operate casino games of chance or games of other forms in Macau. We were also obligated to develop and open The Venetian Macao and a convention center by December 2007 and we were required to invest, or cause to be invested, at least 4.4 billion patacas (approximately \$550.9 million at exchange rates in effect on December 31, 2009) in various development projects in Macau by June 2009, which obligations we have fulfilled.

If the Galaxy concession is terminated for any reason, our subconcession will remain in effect. The subconcession may be terminated by agreement between ourselves and Galaxy. Galaxy is not entitled to terminate the subconcession unilaterally; however, the Macau government, with the consent of Galaxy, may terminate the subconcession under certain circumstances. Galaxy will develop hotel and casino projects separately from us.

We are subject to licensing and control under applicable Macau law and are required to be licensed by the Macau gaming authorities to operate a casino. We must pay periodic fees and taxes, and our gaming license is not transferable. We must periodically submit detailed financial and operating reports to the Macau gaming authorities and furnish any other information that the Macau gaming authorities may require. No person may acquire any rights over the shares or assets of Venetian Macau Limited (VML, SCL's wholly owned subsidiary) without first obtaining the approval of the Macau gaming authorities. Similarly, no person may enter into possession of its premises or operate them through a management agreement or any other contract or through step in rights without first obtaining the approval of, and receiving a license from, the Macau gaming authorities. The transfer or creation of encumbrances over ownership of shares representing the share capital of VML or other rights relating to such shares, and any act involving the granting of voting rights or other stockholders' rights to persons other than the original owners, would require the approval of the Macau government and the subsequent report of such acts and transactions to the Macau gaming authorities.

Our subconcession agreement requires, among other things, (i) approval of the Macau government for transfers of shares in VML, or of any rights over or inherent to such shares, including the grant of voting rights or other stockholders' rights to persons other than the original owners, as well as for the creation of any charge, lien or encumbrance on such shares; (ii) approval of the Macau government for transfers of shares, or of any rights over such shares, in any of our direct or indirect stockholders, provided that such shares or rights are directly or indirectly

equivalent to an amount that is equal to or higher than 5.0% of VML's share capital; and (iii) that the Macau government be given notice of the creation of any encumbrance or the grant of voting rights or other stockholder's rights to persons other than the original owners on shares in any of the direct or indirect stockholders in VML, provided that such shares or rights are equivalent to an amount that is equal to or higher than 5.0% of VML's share capital. The requirements in provisions (ii) and (iii) above will not apply, however, to securities listed as tradable on a stock exchange.

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The Macau gaming authorities may investigate any individual who has a material relationship to, or material involvement with, us to determine whether our suitability and/or financial capacity is affected by this individual. Our shareholders with 5% or more of the share capital, directors and some of our key employees must apply for and undergo a finding of suitability process and maintain due qualification during the subconcession term, and accept the persistent and long-term inspection and supervision exercised by the Macau government. VML is required to immediately notify the Macau government should VML become aware of any fact that may be material to the appropriate qualification of any shareholder who owns 5% of the share capital, or any officer, director or key employee. Changes in licensed positions must be reported to the Macau gaming authorities, and in addition to their authority to deny an application for a finding of suitability or licensure, the Macau gaming authorities have jurisdiction to disapprove a change in corporate position. If the Macau gaming authorities were to find one of our officers, directors or key employees unsuitable for licensing, we would have to sever all relationships with that person. In addition, the Macau gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications.

Any person who fails or refuses to apply for a finding of suitability after being ordered to do so by the Macau gaming authorities may be found unsuitable. Any stockholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of the common stock of a company incorporated in Macau and registered with the Macau Companies and Moveable Assets Registrar (a Macau registered corporation) beyond the period of time prescribed by the Macau gaming authorities may lose their rights to the shares. We will be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us, we:

- pay that person any dividend or interest upon its shares;
- allow that person to exercise, directly or indirectly, any voting right conferred through shares held by that person;
- pay remuneration in any form to that person for services rendered or otherwise; or
- fail to pursue all lawful efforts to require that unsuitable person to relinquish its shares.

The Macau gaming authorities also have the authority to approve all persons owning or controlling the stock of any corporation holding a gaming license.

The Macau gaming authorities also require prior approval for the creation of liens and encumbrances over VML's assets and restrictions on stock in connection with any financing.

The Macau gaming authorities must give their prior approval to changes in control of VML through a merger, consolidation, stock or asset acquisition, management or consulting agreement or any act or conduct by any person whereby he or she obtains control. Entities seeking to acquire control of a Macau registered corporation must satisfy the Macau gaming authorities concerning a variety of stringent standards prior to assuming control. The Macau Gaming Commission may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated and licensed as part of the approval process of the transaction.

The Macau gaming authorities may consider that some management opposition to corporate acquisitions, repurchases of voting securities and corporate defense tactics affecting Macau gaming licensees, and Macau registered corporations that are affiliated with those operations, may be injurious to stable and productive corporate gaming.

The Macau gaming authorities also have the power to supervise gaming licensees in order to:

- assure the financial stability of corporate gaming operators and their affiliates;
- preserve the beneficial aspects of conducting business in the corporate form; and
- promote a neutral environment for the orderly governance of corporate affairs.

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The subconcession agreement requires the Macau gaming authorities' prior approval of any recapitalization plan proposed by VML's Board of Directors. The Chief Executive of Macau could also require VML to increase its share capital if he deemed it necessary.

The Macau government also has the right, after consultation with Galaxy, to unilaterally terminate the subconcession agreement at any time upon the occurrence of specified events of default, including:

- the operation of gaming without permission or operation of business which does not fall within the business scope of the subconcession;
- the suspension of operations of our gaming business in Macau without reasonable grounds for more than seven consecutive days or more than fourteen non-consecutive days within one calendar year;
- the unauthorized transfer of all or part of our gaming operations in Macau;
- the failure to pay taxes, premiums, levies or other amounts payable to the Macau government;
- the failure to resume operations following the temporary assumption of operations by the Macau government;
- the repeated failure to comply with decisions of the Macau government;
- the failure to provide or supplement the guarantee deposit or the guarantees specified in the subconcession within the prescribed period;
- the bankruptcy or insolvency of VML;
- fraudulent activity by VML;
- serious and repeated violation by VML of the applicable rules for carrying out casino games of chance or games of other forms or the operation of casino games of chance or games of other forms;
- the grant to any other person of any managing power over VML; or
- the failure by a controlling shareholder in VML to dispose of its interest in VML following notice from the gaming authorities of another jurisdiction in which such controlling shareholder is licensed to operate casino games of chance to the effect that such controlling shareholder can no longer own shares in VML.

In addition, we must comply with various covenants and other provisions under the subconcession, including obligations to:

- ensure the proper operation and conduct of casino games;
- employ people with appropriate qualifications;
- operate and conduct casino games of chance in a fair and honest manner without the influence of criminal activities;
- safeguard and ensure Macau's interests in tax revenue from the operation of casinos and other gaming areas;
- and
- maintain a specified level of insurance.

The subconcession agreement also allows the Macau government to request various changes in the plans and specifications of our Macau properties and to make various other decisions and determinations that may be binding on us. For example, the Macau government has the right to require that we contribute additional capital to our Macau subsidiaries or that we provide certain deposits or other guarantees of performance in any amount determined by the Macau government to be necessary. VML is limited in its ability to raise additional capital by the need to first obtain the approval of the Macau gaming and governmental authorities before raising certain debt or equity.

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If our subconcession is terminated in the event of a default, the casinos and gaming-related equipment would be automatically transferred to the Macau government without compensation to us and we would cease to generate any revenues from these operations. In many of these instances, the subconcession agreement does not provide a specific cure period within which any such events may be cured and, instead, we would rely on consultations and negotiations with the Macau government to give us an opportunity to remedy any such default.

The Sands Macao, The Venetian Macao and Four Seasons Macao are being operated under our subconcession agreement. This subconcession excludes the following gaming activities: mutual bets, lotteries, raffles, interactive gaming and games of chance or other gaming, betting or gambling activities on ships or planes. Our subconcession is exclusively governed by Macau law. We are subject to the exclusive jurisdiction of the courts of Macau in case of any dispute or conflict relating to our subconcession.

Our subconcession agreement expires on June 26, 2022. Unless our subconcession is extended, on that date, the casinos and gaming-related equipment will automatically be transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations. Beginning on December 26, 2017, the Macau government may redeem our subconcession by giving us at least one year prior notice and by paying us fair compensation or indemnity. See Item 1A Risk Factors Risks Associated with Our International Operations We will stop generating any revenues from our Macau gaming operations if we cannot secure an extension of our subconcession in 2022 or if the Macau government exercises its redemption right.

Under the subconcession, we are obligated to pay to the Macau government an annual premium with a fixed portion and a variable portion based on the number and type of gaming tables employed and gaming machines operated by us. The fixed portion of the premium is equal to 30.0 million patacas (approximately \$3.8 million at exchange rates in effect on December 31, 2009). The variable portion is equal to 300,000 patacas per gaming table reserved exclusively for certain kinds of games or players, 150,000 patacas per gaming table not so reserved and 1,000 patacas per electrical or mechanical gaming machine, including slot machines (approximately \$37,559, \$18,780 and \$125, respectively, at exchange rates in effect on December 31, 2009), subject to a minimum of 45.0 million patacas (approximately \$5.6 million at exchange rates in effect on December 31, 2009). We also have to pay a special gaming tax of 35% of gross gaming revenues and applicable withholding taxes. We must also contribute 4% of our gross gaming revenue to utilities designated by the Macau government, a portion of which must be used for promotion of tourism in Macau. This percentage will be subject to change in 2010.

Currently, the gaming tax in Macau is calculated as a percentage of gross gaming revenue; however, unlike Nevada, gross gaming revenue does not include deductions for credit losses. As a result, if we extend credit to our customers in Macau and are unable to collect on the related receivables from them, we have to pay taxes on our winnings from these customers even though we were unable to collect on the related receivables. If the laws are not changed, our business in Macau may not be able to realize the full benefits of extending credit to our customers. Although there are proposals to revise the gaming tax laws in Macau, there can be no assurance that the laws will be changed.

We have received an exemption from Macau's corporate income tax on profits generated by the operation of casino games of chance for the five-year period ending December 31, 2013. See Item 1A Risk Factors Risks Associated with Our International Operations We are currently not required to pay corporate income taxes on our casino gaming operations in Macau. This tax exemption expires at the end of 2013.

Development Agreement with Singapore Tourism Board

On August 23, 2006, MBS entered into the Development Agreement with the STB to design, develop, construct and operate an integrated resort in Singapore called Marina Bay Sands. The Development Agreement includes a concession for MBS to own and operate a casino within the integrated resort. In addition to the casino, the integrated resort will include, among other amenities, a hotel, a retail complex, a convention center and meeting room complex, theaters, restaurants and an art/science museum. MBS expects the Development Agreement will be amended to reflect an agreement between MBS and the STB once approval is obtained on the final design plans of the integrated resort. MBS is one of two companies that has been awarded a concession to operate a casino in Singapore. Under the Development Agreement, the STB has provided a ten-year exclusive period (the Exclusivity Period, which began January 29, 2009) during which only two licensees will be granted the right to operate a casino in Singapore. In connection with entering into the Development Agreement, MBS entered into a 60-year lease with the STB for the

parcels underlying the project site and entered into an agreement with the Land Transport Authority of Singapore for the provision of necessary infrastructure for rapid transit systems and road works within and/or outside the project site.

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The term of the casino concession provided under the Development Agreement is for 30 years commencing from the date the Development Agreement was entered into, or August 23, 2006. In order to renew the casino concession, MBS must give notice to the STB and other relevant authorities in Singapore at least five years before its expiration in August 2036. The Singapore government may terminate the casino concession prior to its expiration in order to serve the best interests of the public, in which event fair compensation will be paid to MBS.

Under the Development Agreement, MBS is required to be licensed by the relevant gaming authorities in Singapore before it can commence operating the casino under the casino concession. In connection with issuing the gaming license, the relevant gaming authorities will look into various factors relating to MBS, including, but not limited to, (i) its reputation, character, honesty and integrity, (ii) whether or not it is sound and stable from a financial point of view, (iii) confirming that it has a satisfactory corporate ownership structure, (iv) the adequacy of its financial resources in order to ensure the financial viability of the proposed casino operations, (v) whether it has engaged and employed persons who have sufficient experience managing and operating a casino and that are suitable to act in such capacities, (vi) its ability to sufficiently establish and maintain a successful casino operation, (vii) confirming that there are no business associations with any person, body or association who is not of good repute, has a disregard for character, honesty and integrity, or has undesirable or unsatisfactory financial resources, (viii) determining whether the persons associated or connected with the ownership, administration or management of the casino operations or business are suitable persons to act in such capacity and (ix) the development and operation plan for the casino.

The Development Agreement contains, among other things, restrictions limiting the use of the leased land to the development and operation of the project, requirements that MBS obtain prior approval from the STB in order to subdivide the hotel and retail components of the project, and prohibitions on any such subdivision during the Exclusivity Period. The Development Agreement also contains provisions relating to the construction of the project and associated deadlines for substantial completion and opening; the location of the casino within the project site and casino licensing issues; insurance requirements; and limitations on MBS' ability to assign the lease or sub-lease any portion of the land during the exclusivity period. In addition, the Development Agreement contains events of default, including, among other things, the failure of MBS to perform its obligations under the Development Agreement and events of bankruptcy or dissolution.

The Development Agreement requires MBS to invest at least SGD 3.85 billion (approximately \$2.74 billion at exchange rates in effect on December 31, 2009) in the integrated resort, which investment is to be allocated in specified amounts among the casino, hotel, food and beverage outlets, retail areas, meeting, convention and exhibition facilities, key attractions, entertainment venues and public areas. This minimum investment requirement must be satisfied in full upon the earlier of eight years from the date of the Development Agreement or three years from the issuance of the casino license, which will not be granted by the relevant authorities in Singapore until at least 50% of the required investment has been made and at least 50% of the construction of the integrated resort is complete. MBS must complete the construction of the Marina Bay Sands by no later than August 22, 2014. See Supplement to the Development Agreement for the revised opening obligations. Under the terms of the Development Agreement, MBS has agreed to design, develop and construct the integrated resort in accordance with the plans set forth in its response to the request for proposal which was ultimately accepted by the STB. Any changes in the overall design and the components of the integrated resort from what was contained in the response to the request for proposal will require the prior approval of the Singapore government.

Employees whose job duties relate to the operations of the casino will need to be licensed by the relevant authorities in Singapore. MBS will also have to comply with internal control standards concerning the location, floor plans and layout of the casino; internal controls with respect to casino operations; relationships with and permitted payments to junket operators; security; casino access by Singaporeans and non-Singaporeans; and those relating to social controls and maintaining law and order. The Singapore Casino Regulatory Authority (CRA) has issued certain final regulations and internal control standards and is nearing the completion of that process. MBS has been and is actively engaged in a regular dialogue with the relevant authorities in Singapore in connection with the drafting, adoption and compliance with these regulatory requirements.

MBS will have to pay an annual license fee of SGD 12.5 million (approximately \$8.9 million at exchange rates in effect on December 31, 2009) that will cover the costs of implementing and enforcing the proposed regulations.

During the Exclusivity Period, the Company must continue to be the single largest entity with a direct or indirect controlling interest of at least 20% in MBS. The Company is currently a 100% indirect controlling shareholder of MBS.

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There will be a goods and services tax of 7% imposed on gross gaming revenue and a casino tax of 15% imposed on the gross gaming revenue from the casino after reduction for the amount of goods and services tax, except in the case of gaming by premium players, in which case a casino tax of 5% will be imposed on the gross gaming revenue generated from such players after reduction for the amount of the goods and services tax. The tax rates will not be changed for a period of 15 years from January 29, 2009. The casino tax will be deductible against the Singapore corporate taxable income of MBS. The provision for bad debts arising from the extension of credit granted to gaming patrons will not be deductible against gross gaming revenue when calculating the casino tax, but will be deductible for the purposes of calculating corporate income tax and the goods and services tax (subject to the prevailing law). MBS will be permitted to extend casino credit to persons who are not Singapore citizens or permanent residents, but will not be permitted to extend casino credit to Singapore citizens or permanent residents except to premium players.

The key constraint imposed on the casino under the Development Agreement is the total size of the gaming area, which must not be more than 15,000 square meters (approximately 161,000 square feet). The following will not be counted towards the gaming area: back of house facilities, reception, toilets, food and beverage areas, retail shops, stairs, escalators and lift lobbies leading to the gaming area, aesthetic and decorative displays, performance areas and major aisles. The casino located within Marina Bay Sands may not have more than 2,500 gaming machines, but there is no limit on the number of tables for casino games permitted in the casino. In November 2008, the CRA informed us, following our submission, that our conceptual casino floor plan for Marina Bay Sands complies with the CRA requirements for casino layout. MBS has submitted a casino floor plan for approval by the CRA as part of the licensing process and MBS believes the floor plan is consistent with the parameters established by the CRA for such submissions.

We filed our casino license application in Singapore in October 2009 and were notified by the CRA, that the application had been accepted for filing. The CRA has been reviewing the applications since that time, requesting additional documentation and information and scheduling and conducting interviews of the principals of LVSC and its subsidiaries including MBS as a normal part of the license application process.

Supplement to the Development Agreement

On December 11, 2009, MBS signed a supplement to the Development Agreement with the STB (the Supplemental Agreement). Pursuant to the Supplemental Agreement, MBS will be permitted to open the Marina Bay Sands in stages over the course of calendar year 2010 in accordance with an agreed upon schedule. In the event that the opening of any component of the Marina Bay Sands is delayed more than 90 days from the agreed upon schedule, MBS must seek the STB's approval for an extension of time. The STB is obliged to approve the extension of time so long as the delay is not for a period of more than 12 months, does not extend the opening of the component in question after December 31, 2011, or is not due to MBS's recklessness or gross negligence.

There are no financial consequences to MBS if MBS 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 \$137.1 million at exchange rates in effect on December 31, 2009) security deposit provided by MBS in the form of a banker's guarantee at the time MBS entered into the Development Agreement.

The Supplemental Agreement also provides for an adjustment to the boundaries of the site of the Marina Bay Sands, with MBS surrendering partial lots that are not required for the integrated resort to the Singapore government for the purposes of providing access to a subway station that will be connected to the Marina Bay Sands and the Singapore government transferring to MBS a plot of land to enable the integration of a pedestrian bridge across the Marina Channel connecting with the Marina Bay Sands.

Employees

We directly employ over 27,000 employees worldwide and hire temporary employees on an as-needed basis. The employees in Las Vegas, Bethlehem and Macau are not covered by collective bargaining agreements. We believe that we have good relations with our employees.

Hotel Employees and Restaurant Employees International Union, which merged in 2004 with the Union of Needletrades Industrial and Textile Employees forming UNITE HERE currently has local unions on the Las Vegas Strip including Local 226 Culinary and Bartenders Local 165. Other unions currently on the Las Vegas Strip include

the Transport Workers Union of America representing Las Vegas Dealers Local 721, the Operating Engineers Union and the Teamsters Union. Prior to and after the opening of The Venetian Las Vegas, Local 226 has requested that we recognize it as the bargaining agent for employees of The Venetian Las Vegas. We have declined to do so, believing that current and future employees are entitled to select their own bargaining agent, if any. In the past, when other hotel/casino operators have taken a similar position, Local 226 has engaged in certain confrontational and obstructive tactics, including contacting potential customers, tenants and investors, objecting to various administrative approvals and picketing. Local 226 has engaged in these types of tactics in the past with respect to The Venetian Las Vegas and may continue to do so. Although we believe we will be able to operate despite such tactics, no assurance can be given that we will be able to do so or that the failure to do so would not result in a material adverse effect on our financial condition, results of operations or cash flows. Although no assurances can be given, if employees decide to be represented by labor unions, management does not believe that such representation would have a material effect on our financial condition, results of operations or cash flows.

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Certain culinary personnel are hired from time to time for trade shows and conventions at Sands Expo Center and are covered under a collective bargaining agreement between Local 226 and Sands Expo Center. This collective bargaining agreement expired in December 2000, but automatically renews for annual periods on an annual basis. As a result, Sands Expo Center is operating under the terms of the expired bargaining agreement with respect to these employees.

Intellectual Property

Our principal intellectual property consists of, among others, the Sands, Venetian, Palazzo and Paiza trademarks, all of which have been registered or allowed in various classes in the U.S. In addition, we have also registered or applied to register numerous other trademarks in connection with our properties, facilities and development projects in the U.S., Macau and Singapore. We have also registered and/or applied to register many of our trademarks in various foreign jurisdictions. These trademarks are brand names under which we market our properties and services. We consider these brand names to be important to our business since they have the effect of developing brand identification. We believe that the name recognition, reputation and image that we have developed attract customers to our facilities. Once granted, our trademark registrations are of perpetual duration so long as they are used and periodically renewed. It is our intent to pursue and maintain our trademark registrations consistent with our goals for brand development and identification, and enforcement of our trademark rights.

Agreements Relating to the Malls***The Grand Canal Shoppes***

In April 2004, we entered into an agreement with GGP to sell The Grand Canal Shoppes and lease to GGP certain restaurant and other retail space at the casino level of The Venetian Las Vegas for approximately \$766.0 million. In May 2004, we completed the sale of The Grand Canal Shoppes and leased to GGP 19 spaces on the casino level of The Venetian Las Vegas currently occupied by various retail and restaurant tenants for 89 years with annual rent of one dollar, and GGP assumed our interest as landlord under the various space leases associated with these 19 spaces.

In addition, we agreed with GGP to:

- continue to be obligated to fulfill certain lease termination and asset purchase agreements;
- lease the portion of the Blue Man Group theater space located within The Grand Canal Shoppes from GGP for a period of 25 years, subject to an additional 50 years of extension options, with initial fixed minimum rent of \$3.3 million per year;
- lease the gondola retail store and the canal space located within The Grand Canal Shoppes from GGP (and by amendment the extension of the canal space extended into The Shoppes at The Palazzo) for a period of 25 years, subject to an additional 50 years of extension options, with initial fixed minimum rent of \$3.5 million per year; and
- lease certain office space from GGP for a period of 10 years, subject to an additional 65 years of extension options, with initial annual rent of approximately \$0.9 million.

The lease payments relating to the Blue Man Group theater, the canal space within The Grand Canal Shoppes and the office space from GGP are subject to automatic increases of 5% in the sixth lease year and each subsequent fifth lease year.

The Shoppes at The Palazzo

The Shoppes at The Palazzo opened on January 18, 2008, with some tenants not yet open and with construction of certain portions of the mall not yet completed. We contracted to sell The Shoppes at The Palazzo to GGP pursuant to a purchase and sale agreement dated as of April 12, 2004, as amended (the Amended Agreement). The total purchase price to be paid by GGP for The Shoppes at The Palazzo is determined by taking The Shoppes at The Palazzo's net operating income (NOI), as defined in the Amended Agreement, for months 19 through 30 of its operations (assuming that the rent and other periodic payments due from all tenants in month 30 was actually due in each of months 19 through 30, provided that this 12-month period can be delayed if certain conditions are satisfied) divided by a capitalization rate. The capitalization rate is 0.06 for every dollar of net operating income up to \$38.0 million and 0.08 for every dollar of net operating income above \$38.0 million. On the closing date

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of the sale, February 29, 2008, GGP made its initial purchase price payment of \$290.8 million based on projected net operating income for the first 12 months of operations (only taking into account tenants open for business or paying rent as of February 29, 2008). Pursuant to the Amended Agreement, periodic adjustments to the purchase price (up or down, but never to less than \$250.0 million) are to be made based on projected net operating income for the then upcoming 12 months. An additional \$4.6 million was received from GGP in June 2008, representing the adjustment payment at the fourth month after closing. During the year ended December 31, 2009, we agreed with GGP to suspend the scheduled purchase price adjustments, subsequent to the June 2008 payment, until March 2010. Subject to adjustments for certain audit and other issues, the final adjustment to the purchase price will be made on the 30-month anniversary of the closing date (or later if certain conditions are satisfied) and will be based on the previously described formula. For all purchase price and purchase price adjustment calculations, net operating income will be calculated by using the accrual method of accounting. Under the Amended Agreement, we leased to GGP certain restaurant and retail space on the casino level of The Palazzo for 89 years with annual rent of one dollar and GGP assumed our interest as landlord under the various space leases associated with these spaces.

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). Additionally, given the economic and market conditions facing retailers on a national and local level, tenants are facing economic challenges that have effected, and may effect in the future, the calculation of NOI. We will continue to review the Chapter 11 Cases and the projected financial performance of our tenants to be included in the NOI calculation. Based on GGP's current financial condition, there can be no assurance that GGP will make its future periodic payments.

Cooperation Agreement

Our business plan calls for each of The Venetian Las Vegas, The Palazzo, Sands Expo Center, The Grand Canal Shoppes, The Shoppes at The Palazzo and the currently delayed St. Regis Residences, though separately owned, to be integrally related components of one facility (the LV Integrated Resort). In establishing the terms for the integrated operation of these components, the cooperation agreement sets forth agreements regarding, among other things, encroachments, easements, operating standards, maintenance requirements, insurance requirements, casualty and condemnation, joint marketing, and the sharing of some facilities and related costs. Subject to applicable law, the cooperation agreement binds all current and future owners of all portions of the LV Integrated Resort, and has priority over the liens securing LVSLLC's senior secured credit facility and in some or all respects any liens that may secure any indebtedness of the owners of any portion of the LV Integrated Resort. Accordingly, subject to applicable law, the obligations in the cooperation agreement will run with the land if any of the components change hands.

Operating Covenants. The cooperation agreement regulates certain aspects of the operation of the LV Integrated Resort. For example, under the cooperation agreement, we are obligated to operate The Venetian Las Vegas continuously and to use it exclusively in accordance with standards of first-class Las Vegas Boulevard-style hotels and casinos. We are also obligated to operate and to use the Sands Expo Center exclusively in accordance with standards of first-class convention, trade show and exposition centers. The owners of The Grand Canal Shoppes and The Shoppes at The Palazzo are obligated to operate their properties exclusively in accordance with standards of first-class restaurant and retail complexes. For so long as The Venetian Las Vegas is operated in accordance with a Venetian theme, the owner of The Grand Canal Shoppes must operate The Grand Canal Shoppes in accordance with the overall Venetian theme.

Maintenance and Repair. We must maintain The Venetian Las Vegas and The Palazzo as well as some common areas and common facilities that are to be shared with The Grand Canal Shoppes and The Shoppes at The Palazzo. The cost of maintenance of all shared common areas and common facilities is to be shared between us and the owners of The Grand Canal Shoppes and The Shoppes at The Palazzo. We must also maintain, repair, and restore Sands Expo Center and certain common areas and common facilities located in Sands Expo Center. The owners of The Grand Canal Shoppes and The Shoppes at The Palazzo must maintain, repair, and restore The Grand Canal Shoppes and The Shoppes at The Palazzo and certain common areas and common facilities located within.

Insurance. We and the owners of The Grand Canal Shoppes and The Shoppes at The Palazzo must maintain minimum types and levels of insurance, including property damage, general liability and business interruption insurance. The cooperation agreement establishes an insurance trustee to assist in the implementation of the insurance requirements.

Parking. The cooperation agreement also addresses issues relating to the use of the LV Integrated Resort's parking facilities and easements for access. The Venetian Las Vegas, The Palazzo, Sands Expo Center, The Grand Canal Shoppes and The Shoppes at The Palazzo may use the parking spaces in the LV Integrated Resort's parking facilities on a first come, first served basis. The LV Integrated Resort's parking facilities are owned, maintained, and operated by us, with the operating costs proportionately allocated among and/or billed to the owners of the components of the LV Integrated Resort. Each party to the cooperation agreement has granted to the others non-exclusive easements and rights to use the roadways and walkways on each other's properties for vehicular and pedestrian access to the parking garages.

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Utility Easement. All property owners have also granted each other all appropriate and necessary easement rights to utility lines servicing the LV Integrated Resort.

Consents, Approvals and Disputes. If any current or future party to the cooperation agreement has a consent or approval right or has discretion to act or refrain from acting, the consent or approval of such party will only be granted and action will be taken or not taken only if a commercially reasonable owner would do so and such consent, approval, action or inaction would not have a material adverse effect on the property owned by such property owner. The cooperation agreement provides for the appointment of an independent expert to resolve some disputes between the parties, as well as for expedited arbitration for other disputes.

Sale of The Grand Canal Shoppes or The Shoppes at The Palazzo by GGP. We have a right of first offer in connection with any proposed sale of The Grand Canal Shoppes or The Shoppes at The Palazzo by GGP. We also have the right to receive notice of any default by GGP sent by any lender holding a mortgage on The Grand Canal Shoppes or The Shoppes at The Palazzo, if any, and the right to cure such default subject to our meeting certain net worth tests.

ITEM 1A. RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this Annual Report on Form 10-K in connection with evaluating the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely effect our business, financial condition, results of operations or cash flows. Certain statements in Risk Factors are forward-looking statements. See Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Special Note Regarding Forward-Looking Statements.

Risks Related to Our Business

Disruptions in the financial markets could adversely affect our ability to raise additional financing. Should general economic conditions not improve, if we are unable to obtain sufficient funding such that completion of our suspended projects is not probable, or should management decide to abandon certain projects, all or a portion of our investment to date in our suspended projects could be lost.

Severe disruptions in the commercial credit markets have resulted in a tightening of credit markets worldwide. Liquidity in the global credit markets has been severely contracted by these market disruptions, making it difficult and costly to obtain new lines of credit or to refinance existing debt. The effects of these disruptions are widespread and difficult to quantify, and it is impossible to predict when the global credit markets will improve, if at all, or when the credit contraction will stop.

Our business and financing plan is dependent upon completion of various financings, including additional financings in Macau and Singapore, as described in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources. Given the state of the current credit environment, it may be difficult to obtain any additional financing on acceptable terms, which could have an adverse effect on our ability to complete our planned development projects, and as a consequence, our results of operations and business plans. Should general economic conditions not improve, if we are unable to obtain sufficient funding such that completion of our 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 our suspended projects could be lost and would result in an impairment charge. In addition, we may be subject to penalties under the termination clauses in our construction contracts or termination rights under our management contracts with certain hotel management companies.

Our business is particularly sensitive to reductions in discretionary consumer spending as a result of downturns in the economy.

Consumer demand for hotel/casino resorts, trade shows and conventions and for the type of luxury amenities we offer is particularly sensitive to downturns in the economy and the corresponding impact on discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences could be driven by factors such as perceived or actual general economic conditions; the current housing crisis and the credit crisis; high energy, fuel and food costs; the increased cost of travel; the potential for bank failures; the weakened job market; perceived or actual disposable consumer income and wealth; fears of recession and changes in consumer confidence in the economy; or fears of war and future acts of terrorism. These factors could reduce consumer demand for the luxury amenities and leisure activities we offer, thus imposing practical limits on pricing and harming our operations.

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The general global economic slowdown has resulted in a decline in tourism and visitors to Macau and Las Vegas, with Las Vegas also being affected by the current housing crisis. In Macau, according to government statistics, visitor arrivals to Macau decreased 5.1% and occupancy rates have decreased 2.9% during 2009 as compared to 2008. Despite the decline in visitors, gaming revenue increased 9.7% in 2009 as compared to 2008, while it increased 50.2% for the quarter ended December 31, 2009, as compared to the quarter ended December 31, 2008. In Las Vegas, according to visitor statistics, occupancy rates across Las Vegas declined by 4.5%, room rates declined by 22.0% and gaming revenue declined by 9.4% during 2009 as compared to 2008. For the quarter ended December 31, 2009, occupancy rates across Las Vegas declined by 2.0%, room rates declined by 11.8% and gaming revenues were unchanged compared to the quarter ended December 31, 2008. The failure of these recent trends to continue to improve in both Macau and Las Vegas could have an adverse effect on our financial condition, results of operations and cash flows.

There are significant risks associated with our planned construction projects, which could have an adverse effect on our financial condition, results of operations or cash flows from these planned facilities.

Our ongoing and future construction projects, such as our Cotai Strip projects, Marina Bay Sands, Sands Bethlehem and the St. Regis Residences, entail significant risks. Construction activity requires us to obtain qualified contractors and subcontractors, the availability of which may be uncertain. Construction projects are subject to cost overruns and delays caused by events outside of our control or, in certain cases, our contractors' control, such as shortages of materials or skilled labor, unforeseen engineering, environmental and/or geological problems, work stoppages, weather interference, unanticipated cost increases and unavailability of construction materials or equipment. Construction, equipment or staffing problems or difficulties in obtaining any of the requisite materials, licenses, permits, allocations and authorizations from governmental or regulatory authorities could increase the total cost, delay, jeopardize, prevent the construction or opening of our projects, or otherwise affect the design and features. In addition, the number of ongoing projects and their locations throughout the world present unique challenges and risks to our management structure. If our management is unable to successfully manage our worldwide construction projects, it could have an adverse effect on our financial condition, results of operations or cash flows.

Historically, we have not entered into a fixed-price or guaranteed maximum price contract with a single construction manager or general contractor. As a result, we rely heavily upon our in-house development and construction team to coordinate the work of the various trade contractors and manage construction costs, which put more of the risk of cost-overruns on us but allows us greater flexibility. If we are unable to manage costs or we are unable to raise capital required, we may not be able to open or complete these projects, which may have an adverse impact on our business and prospects for growth.

The anticipated costs and completion dates for our projects are based on budgets, designs, development and construction documents and schedule estimates that we have prepared with the assistance of architects and other construction development consultants and that are subject to change as the design, development and construction documents are finalized and as actual construction work is performed. A failure to complete our projects on budget or on schedule may have an adverse effect on our financial condition, results of operations or cash flows. Due to the suspension of certain of our development projects, the estimated costs to complete and open these projects is currently not determinable and therefore may have an adverse effect on our financial condition, results of operations or cash flows. See also **Risks Associated with Our International Operations**. We are required to build and open our developments on parcel 3 of the Cotai Strip by April 2013. Unless we meet this deadline or obtain an extension, we may lose our land concession for parcel 3, which would prohibit us from operating any facilities developed under such land concession.

The failure to obtain the necessary financing, or satisfy these funding conditions, could adversely effect our ability to construct our development projects.

Because we are currently dependent primarily upon our properties in two markets for all of our cash flow, we are subject to greater risks than a gaming company with more operating properties or that operates in more markets.

We currently do not have material operations other than our Las Vegas and Macau properties. As a result, we are primarily dependent upon these properties for all of our cash flow until we open our Marina Bay Sands, which is expected to open on April 27, 2010.

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Given that our operations are currently conducted primarily at properties in Las Vegas and Macau and that a large portion of our planned future development is in Macau and Singapore, we will be subject to greater degrees of risk than a gaming company with more operating properties or that operates in more markets. The risks to which we will have a greater degree of exposure include the following:

- local economic and competitive conditions;
- inaccessibility due to inclement weather, road construction or closure of primary access routes;
- decline in air passenger traffic due to higher ticket costs or fears concerning air travel;
- changes in local and state governmental laws and regulations, including gaming laws and regulations;
- natural and other disasters, including the risk of typhoons in the South China region or outbreaks of infectious diseases;
- changes in the availability of water; and
- a decline in the number of visitors to Las Vegas or Macau or visitation levels in Singapore are less than expected.

Our substantial debt could impair our financial condition, results of operations or cash flows. We will need to incur additional debt to finance our planned construction projects.

We are highly leveraged and have substantial debt service obligations. As of December 31, 2009, we had \$11.03 billion of long-term debt outstanding. This substantial indebtedness could have important consequences to us. For example, it could:

- make it more difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and industry conditions;
- impair our ability to obtain additional financing in the future for working capital needs, capital expenditures, development projects, acquisitions or general corporate purposes;
- require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available for our operations and development projects;
- limit our flexibility in planning for, or reacting to, changes in the business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- subject us to higher interest expense in the event of increases in interest rates as a significant portion of our debt is and will continue to be at variable rates of interest.

We expect that all of our current projects will be funded with existing cash balances, cash flows from operations and available borrowings from our existing and proposed credit facilities, with the exception of those projects currently suspended. We cannot assure you that we will obtain all the financing required for the construction and opening of our suspended projects on acceptable terms, if at all.

The terms of our debt instruments may restrict our current and future operations, particularly our ability to finance additional growth, respond to changes or take some actions that may otherwise be in our best interests.

Our current debt instruments contain, and any future debt instruments likely will contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to:

- incur additional debt, including providing guarantees or credit support;
- incur liens securing indebtedness or other obligations;

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dispose of assets;
 make certain acquisitions;
 pay dividends or make distributions and make other restricted payments, such as purchasing equity interests, repurchasing junior indebtedness or making investments in third parties;
 enter into sale and leaseback transactions;
 engage in any new businesses;
 issue preferred stock; and
 enter into transactions with our stockholders and our affiliates.

In addition, our U.S., Macau and Singapore credit agreements contain various financial covenants. See Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 1 Organization and Business of Company Development Financing Strategy and Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 8 Long-Term Debt for further description of these covenants and the potential impact of noncompliance.

Our insurance coverage may not be adequate to cover all possible losses that our properties could suffer. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.

Although we have all-risk property insurance for our operating properties covering damage caused by a casualty loss (such as fire or natural disasters), each policy has certain exclusions. In addition, our property insurance coverage is in an amount that may be significantly less than the expected replacement cost of rebuilding the facilities if there was a total loss. Our level of insurance coverage also may not be adequate to cover all losses in the event of a major casualty. In addition, certain casualty events, such as labor strikes, nuclear events, loss of income due to cancellation of room reservations or conventions due to fear of terrorism, deterioration or corrosion, insect or animal damage and pollution, might not be covered at all under our policies. Therefore, certain acts could expose us to substantial uninsured losses.

We also have builder's risk insurance for our projects under construction in Macau and Singapore. Builder's risk insurance provides coverage for projects during their construction for damage caused by a casualty loss. In general, our builder's risk coverage is subject to the same exclusions, risks and deficiencies as those described above for our all-risk property coverage. Our level of builder's risk insurance coverage may not be adequate to cover all losses in the event of a major casualty.

In addition, although we currently have insurance coverage for occurrences of terrorist acts with respect to our operating properties and for certain losses that could result from these acts, our terrorism coverage is subject to the same risks and deficiencies as those described above for our all-risk property coverage. The lack of sufficient insurance for these types of acts could expose us to substantial losses in the event that any damages occur, directly or indirectly, as a result of terrorist attacks or otherwise, which could have a significant negative impact on our operations.

In addition to the damage caused to our operating properties by a casualty loss, we may suffer business interruption as a result of these events or be subject to claims by third parties injured or harmed. While we carry business interruption insurance and general liability insurance, this insurance may not be adequate to cover all losses in any such event.

We renew our insurance policies (other than our builder's risk insurance) on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from our coverage. Among other factors, it is possible that regional political tensions, homeland security concerns, other catastrophic events or any change in government legislation governing insurance coverage for acts of terrorism could materially adversely effect available insurance coverage and result in increased premiums on available coverage (which may cause us to elect to reduce our policy limits), additional exclusions from coverage or higher deductibles. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

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Our debt instruments and other material agreements require us to maintain a certain minimum level of insurance. Failure to satisfy these requirements could result in an event of default under these debt instruments or material agreements.

We depend on the continued services of key managers and employees. If we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.

Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team, including Sheldon G. Adelson and our other executive officers. Mr. Adelson, Michael A. Leven, Robert G. Goldstein, Kenneth J. Kay and J. Alberto Gonzalez-Pita have each entered into employment agreements with us; however, we cannot assure you that any of our executive officers will remain with us. These agreements are currently scheduled to expire in December 2010 for Mr. Adelson, March 2011 for Mr. Leven and December 2011 for Messrs. Goldstein, Kay and Gonzalez-Pita. We currently do not have a life insurance policy on any of the members of the senior management team. The death or loss of the services of any of our senior managers or the inability to attract and retain additional senior management personnel could have a material adverse effect on our business.

We are controlled by a principal stockholder whose interest in our business may be different than yours.

Mr. Adelson, his family members and trusts established for the benefit of Mr. Adelson and/or his family members beneficially own (excluding unexercised warrants to purchase 87.5 million shares of our common stock) approximately 52% of our outstanding common stock as of December 31, 2009. Accordingly, Mr. Adelson exercises significant influence over our business policies and affairs, including the composition of our Board of Directors and any action requiring the approval of our stockholders, including the adoption of amendments to our articles of incorporation and the approval of a merger or sale of substantially all of our assets. The concentration of ownership may also delay, defer or even prevent a change in control of our company and may make some transactions more difficult or impossible without the support of Mr. Adelson. Because Mr. Adelson and trusts for the benefit of Mr. Adelson and/or his family members own more than 50% of the voting power of our company, we are considered a controlled company under the NYSE listing standards. As such, the NYSE corporate governance rules requiring that a majority of our Board of Directors and our entire compensation committee be independent do not apply to us. As a result, the ability of our independent directors to influence our business policies and affairs may be reduced. The interests of Mr. Adelson may conflict with your interests.

We are a parent company and our primary source of cash is and will be distributions from our subsidiaries.

We are a parent company with limited business operations of our own. Our main asset is the capital stock of our subsidiaries. We conduct most of our business operations through our direct and indirect subsidiaries. Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. Our subsidiaries' payments to us will be contingent upon their earnings and upon other business considerations. In addition, our subsidiaries' debt instruments and other agreements limit or prohibit certain payments of dividends or other distributions to us. We expect that future debt instruments for the financing of our other developments, including our Cotai Strip developments, will contain similar restrictions.

Our business is sensitive to the willingness of our customers to travel. Acts of terrorism, regional political events and developments in the conflicts in certain countries could cause severe disruptions in air travel that reduce the number of visitors to our facilities, resulting in a material adverse effect on our financial condition, results of operations or cash flows.

We are dependent on the willingness of our customers to travel. A substantial number of our customers for The Venetian Las Vegas and The Palazzo use air travel to come to Las Vegas. Acts of terrorism may severely disrupt domestic and international travel, which would result in a decrease in customer visits to Las Vegas, including our properties. Regional conflicts could have a similar effect on domestic and international travel. Most of our customers travel to reach our Las Vegas and Macau properties and, following its opening, our Singapore property. Only a small amount of our business is and will be generated by local residents. Management cannot predict the extent to which disruptions in air or other forms of travel as a result of any further terrorist act, outbreak of hostilities or escalation of war would adversely effect our financial condition, results of operations or cash flows.

We extend credit to a large portion of our customers and we may not be able to collect gaming receivables from our credit players.

We conduct our gaming activities on a credit and cash basis. Any such credit we extend is unsecured. Table games players typically are extended more credit than slot players, and high-stakes players typically are extended more credit than patrons who tend to wager lower amounts. High-end gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a significant positive or negative impact on cash flow and earnings in a particular quarter.

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During the year ended December 31, 2009, approximately 57.5% and 31.4% of our table games drop at our Las Vegas properties and Macau properties, respectively, was from credit-based wagering. We extend credit to those customers whose level of play and financial resources warrant, in the opinion of management, an extension of credit. These large receivables could have a significant impact on our results of operations if deemed uncollectible.

While gaming debts evidenced by a credit instrument, including what is commonly referred to as a marker, and judgments on gaming debts are enforceable under the current laws of Nevada, and Nevada judgments on gaming debts are enforceable in all states under the Full Faith and Credit Clause of the U.S. Constitution, other jurisdictions may determine that enforcement of gaming debts is against public policy. Although courts of some foreign nations will enforce gaming debts directly and the assets in the U.S. of foreign debtors may be reached to satisfy a judgment, judgments on gaming debts from U.S. courts are not binding on the courts of many foreign nations.

Any violation of the Foreign Corrupt Practices Act or applicable Anti-Money Laundering Regulation could have a negative impact on us.

We are subject to regulations imposed by the Foreign Corrupt Practices Act (the FCPA), which generally prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Any determination that we have violated the FCPA could have a material adverse effect on our financial condition. We also deal with significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws or regulations by any of our properties could have an adverse effect on our financial condition, results of operations or cash flows.

Risks Associated with Our U.S. Operations

We face significant competition in Las Vegas, which could materially adversely effect our financial condition, results of operations or cash flows. In addition, any significant downturn in the trade show and convention business could significantly and adversely affect our mid-week occupancy rates and business.

The hotel, resort and casino businesses in Las Vegas are highly competitive. We also compete, to some extent, with other hotel/casino facilities in Nevada and Atlantic City, as well as hotel/casinos and other resort facilities and vacation destinations elsewhere in the United States and around the world. Many of our competitors are subsidiaries or divisions of large public companies and have substantial financial and other resources. In addition, various competitors on the Las Vegas Strip periodically expand and/or renovate their existing facilities. If demand for hotel rooms does not keep up with the increase in the number of hotel rooms, competitive pressures may cause reductions in average room rates.

We also compete with legalized gaming from casinos located on Native American tribal lands, including those located in California. While the competitive impact on our operations in Las Vegas from the continued growth of Native American gaming establishments in California remains uncertain, the proliferation of gaming in California and other areas located in the same region as our Las Vegas Operating Properties could have an adverse effect on our results of operations.

In addition, certain states have legalized, and others may legalize, casino gaming in specific areas, including metropolitan areas from which we traditionally attract customers. A number of states have permitted or are considering permitting gaming at racinos, on Native American reservations and through expansion of state lotteries. The current global trend toward liberalization of gaming restrictions and resulting proliferation of gaming venues could result in a decrease in the number of visitors to our Las Vegas facilities by attracting customers close to home and away from Las Vegas, which could adversely effect our financial condition, results of operations or cash flows.

The Sands Expo Center provides recurring demand for mid-week room nights for business travelers who attend meetings, trade shows and conventions in Las Vegas. The Sands Expo Center presently competes with other large convention centers, including convention centers in Las Vegas and other cities. Competition will be increasing for the Sands Expo Center as a result of planned additional convention and meeting facilities, as well as the enhancement or expansion of existing convention and meeting facilities, in Las Vegas. To the extent that these competitors are able to capture a substantially larger portion of the trade show and convention business, there could be a material adverse effect on our financial condition, results of operations or cash flows.

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The loss of our gaming license or our failure to comply with the extensive regulations that govern our operations in any jurisdiction where we operate could have an adverse effect on our financial condition, results of operations or cash flows.

Our gaming operations and the ownership of our securities are subject to extensive regulation by the Nevada Commission, the Nevada Board and the CCLGLB. The Nevada Gaming Authorities have broad authority with respect to licensing and registration of our business entities and individuals investing in or otherwise involved with us.

Although we currently are registered with, and LVSLLC and VCR currently hold gaming licenses issued by, the Nevada Gaming Authorities, these authorities may, among other things, revoke the gaming license of any corporate entity or the registration of a registered corporation or any entity registered as a holding company of a corporate licensee for violations of gaming regulations.

In addition, the Nevada Gaming Authorities may, under certain conditions, revoke the license or finding of suitability of any officer, director, controlling person, stockholder, noteholder or key employee of a licensed or registered entity. If our gaming licenses were revoked for any reason, the Nevada Gaming Authorities could require the closing of the casino, which would have a material adverse effect on our business. In addition, compliance costs associated with gaming laws, regulations or licenses are significant. Any change in the laws, regulations or licenses applicable to our business or gaming licenses could require us to make substantial expenditures or could otherwise have a material adverse effect on our financial condition, results of operations or cash flows.

A similar dynamic exists in all jurisdictions where we operate and a regulatory action against one of our operating entities in any gaming jurisdiction could impact our operations in other gaming jurisdictions where we do business. For a more complete description of the gaming regulatory requirements affecting our business, see Item 1 Business Regulation and Licensing.

Certain beneficial owners of our voting securities may be required to file an application with, and be investigated by, the Nevada Gaming Authorities, and the Nevada Commission may restrict the ability of a beneficial owner to receive any benefit from our voting securities and may require the disposition of shares of our voting securities, if a beneficial owner is found to be unsuitable.

Any person who acquires beneficial ownership of more than 10% of our voting securities will be required to apply to the Nevada Commission for a finding of suitability within thirty days after the Chairman of the Nevada Board mails a written notice requiring the filing. Under certain circumstances, an institutional investor as defined under the regulations of the Nevada Commission, which acquires beneficial ownership of more than 10%, but not more than 15%, of our voting securities (subject to certain additional holdings as a result of certain debt restructurings or stock repurchase programs under the Nevada Act), may apply to the Nevada Commission for a waiver of such finding of suitability requirement if the institutional investor holds our voting securities only for investment purposes. In addition, any beneficial owner of our voting securities, regardless of the number of shares beneficially owned, may be required at the discretion of the Nevada Commission to file an application for a finding of suitability as such. In either case, a finding of suitability is comparable to licensing and the applicant must pay all costs of investigation incurred by the Nevada Gaming Authorities in conducting the investigation.

Any person who fails or refuses to apply for a finding of suitability or a license within thirty days after being ordered to do so by the Nevada Gaming Authorities may be found unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any stockholder found unsuitable and who holds, directly or indirectly, any beneficial ownership of the common stock of a registered corporation beyond such period of time as may be prescribed by the Nevada Commission may be guilty of a criminal offense. We are subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or a licensed subsidiary, we, or any of the licensed subsidiaries:

- allow that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;
- pay remuneration in any form to that person for services rendered or otherwise; or
- fail to pursue all lawful efforts to require such unsuitable person to relinquish his or her voting securities including, if necessary, purchasing them for cash at fair market value.

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For a more complete description of the Nevada gaming regulatory requirements applicable to beneficial owners of our voting securities, see Item 1 Business Regulation and Licensing State of Nevada.

Certain beneficial owners of our voting securities may be required to file a license application with, and be investigated by, the Pennsylvania Gaming Control Board, the Pennsylvania State Police and other agencies.

Any person who acquires beneficial ownership of 5% or more of our voting securities will be required to apply to the PaGCB for licensure, obtain licensure and remain licensed. Licensure requires, among other things, that the applicant establish by clear and convincing evidence the applicant's good character, honesty and integrity. Additionally, any trust that holds 5% or more of our voting securities is required to be licensed by the PaGCB and each individual who is a grantor, trustee or beneficiary of the trust is also required to be licensed by the PaGCB. Under certain circumstances and under the regulations of the PaGCB, an institutional investor as defined under the regulations of the PaGCB, which acquires beneficial ownership of 5% or more, but less than 10%, of our voting securities, may not be required to be licensed by the PaGCB provided the PaGCB grants a waiver of the licensure requirement. In addition, any beneficial owner of our voting securities, regardless of the number of shares beneficially owned, may be required at the discretion of the PaGCB to file an application for licensure.

Furthermore, a person or a group of persons acting in concert who acquire(s) more than 20% of our securities, with the exception of the ownership interest of a person at the time of original licensure when the license fee was paid, would trigger a change in control (as defined under applicable law). Such a change in control could require us to re-apply for licensure by the PaGCB and incur a \$50.0 million license fee.

In the event a security holder is required to be found qualified and is not found qualified, the security holder may be required by the PaGCB to divest of the interest at a price not exceeding the cost of the interest.

For a more complete description of the Pennsylvania gaming regulatory requirements applicable to beneficial owners of our voting securities, see Item 1 Business Regulation and Licensing Commonwealth of Pennsylvania.

If the operating results of The Shoppes at The Palazzo continue to be less than we initially expected, if GGP (or any future owner of The Shoppes at The Palazzo or The Grand Canal Shoppes) breaches any of its material agreements with us, or if we are unable to maintain an acceptable working relationship with GGP (or any future owner), there could be a material adverse effect on our financial condition, results of operations or cash flows.

We have entered into agreements with GGP under which, among other things:

GGP remains obligated to make payments to us in connection with their purchase of The Shoppes at The Palazzo, which payments are based on projected and, ultimately, actual net operating income for The Shoppes at The Palazzo; and

GGP has agreed to operate The Grand Canal Shoppes and The Shoppes at The Palazzo subject to, and in accordance with, the cooperation agreement.

If the global economic downturn continues, the net operating income for The Shoppes at The Palazzo may continue to be significantly worse than expected at the time the complex was sold to GGP, and therefore the amounts GGP is obligated to pay us may also be significantly less than expected. (Some of the tenants at The Shoppes at The Palazzo whose sales have been less than initially expected have already asked for temporary reductions or abatements in base rent, to which we and GGP have agreed.) Further, as a result of GGP's publicly disclosed liquidity and leverage problems, there can be no assurance that GGP will be able to pay us future amounts owed.

In April 2009, GGP and its subsidiary that owns The Shoppes at The Palazzo filed the Chapter 11 Cases. Additionally, given the economic and market conditions facing retailers on a national and local level, tenants are facing economic challenges that have effected, and may effect in the future, the calculation of NOI. See Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 5 Property and Equipment, Net.

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Our agreements with GGP could be adversely affected in ways that could have a material adverse effect on our financial condition, results of operations or cash flows if we do not maintain an acceptable working relationship with GGP or its successors. For example:

the Company learned that one tenant filed a voluntary petition for relief under Chapter 7 of the U.S. Bankruptcy Code and another tenant has delayed its construction plans, creating a question as to whether the rent of the latter tenant will be included in the NOI; and
the cooperation agreement that governs the relationships between The Shoppes at The Palazzo and The Palazzo and The Grand Canal Shoppes and The Venetian Las Vegas requires that the owners cooperate in various ways and take various joint actions, which will be more difficult to accomplish, especially in a cost-effective manner, if the parties do not have an acceptable working relationship.

There could be similar material adverse consequences to us if GGP breaches any of its agreements to us, such as its agreement under the cooperation agreement to operate The Grand Canal Shoppes consistent with the standards of first-class restaurant and retail complexes and the overall Venetian theme, and its various obligations as our landlord under the leases described above. Although our agreements with GGP provide us with various remedies in the event of any breaches by GGP and include various dispute resolution procedures and mechanisms, these remedies, procedures and mechanisms may be inadequate to prevent a material adverse effect on our financial condition, results of operations or cash flows if breaches by GGP occur or if we do not maintain an acceptable working relationship with GGP.

Proposed changes in U.S. tax legislation could impact the Company's financial condition and results of operations.

In February 2010, the Obama Administration released its fiscal year 2011 budget which included proposals for new U.S. tax legislation that would change how U.S. multinational corporations are taxed on their global income. It is uncertain whether some or all of the proposals will be enacted. Depending on their content, such proposals, if enacted, could increase our U.S. income tax expense and liability, and therefore, negatively impact our effective tax rate, financial condition and results of operations.

Risks Associated with Our International Operations

Conducting business in Macau and Singapore has certain political and economic risks which may effect the financial condition, results of operations or cash flows of our Asian operations.

Our operations in Macau include the Sands Macao, The Venetian Macao and the Four Seasons Macao. We plan to open and operate additional hotels, gaming areas and meeting space on the Cotai Strip in Macau. We also plan to own and operate the Marina Bay Sands in Singapore. Accordingly, our business development plans, financial condition, results of operations or cash flows may be materially and adversely effected by significant political, social and economic developments in Macau and Singapore, and by changes in policies of the governments or changes in laws and regulations or their interpretations. See Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 1 Organization and Business of Company Development Financing Strategy. Our operations in Macau are, and our operations in Singapore will be, also exposed to the risk of changes in laws and policies that govern operations of companies based in those countries. Jurisdictional tax laws and regulations may also be subject to amendment or different interpretation and implementation, thereby adversely effecting our profitability after tax. Further, the percentage of our gross gaming revenues that we must contribute annually to the Macau authorities is subject to change in 2010. These changes may have a material adverse effect on our financial condition, results of operations or cash flows.

As we expect a significant number of consumers to come to our Macau properties from mainland China, general economic conditions and policies in China could have a significant impact on our financial prospects. Any slowdown in economic growth or changes of China's current restrictions on travel and currency movements could disrupt the number of visitors from mainland China to our casinos in Macau as well as the amounts they are willing to spend in the casinos. See The number of visitors to Macau, particularly visitors from mainland China, may decline or travel to Macau may be disrupted.

Current Macau laws and regulations concerning gaming and gaming concessions are, for the most part, fairly recent and there is little precedent on the interpretation of these laws and regulations. We believe that our organizational

structure and operations are in compliance in all material respects with all applicable laws and regulations of Macau. These laws and regulations are complex and a court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue regulations, which differs from our interpretation and could have a material adverse effect on our financial condition, results of operations or cash flows. As Marina Bay Sands will be one of two gaming facilities in Singapore following the government's adoption of gaming legislation in 2005, the laws and regulations relating to gaming and their interpretations are untested.

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In addition, our activities in Macau are, and our operations in Singapore will be, subject to administrative review and approval by various government agencies. We cannot assure you that we will be able to obtain all necessary approvals, which may materially affect our long-term business strategy and operations. Macau and Singapore laws permit redress to the courts with respect to administrative actions; however, such redress is largely untested in relation to gaming issues.

We are constructing our remaining Cotai Strip projects on land for which we have not yet been granted concessions. If we do not obtain land concessions, we could forfeit all or a substantial part of our investment in these sites and would not be able to build or operate the planned facilities on these sites.

Land concessions in Macau generally have terms of 25 years, with automatic extensions at our option of 10 years thereafter in accordance with Macau law. There are common rates based on land use generally applied to determine the cost of these land concessions. In November 2009, we received the final draft of the land concession agreement from the Macau government for parcels 5 and 6. We have formally accepted the terms and conditions of the draft land concession and have made an initial premium payment of 700.0 million patacas (approximately \$87.6 million at exchange rates in effect on December 31, 2009). The land concession will not become effective until the date it is published in Macau's Official Gazette. Once the land concession becomes effective, we will be required to make additional land premium and annual rent payments in the amounts and at the times specified in the land concession (see Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 6 Leasehold Interests in Land, Net). The land concession requires us to complete the development of the integrated resort on parcels 5 and 6 within 48 months of the date it is published in Macau's Official Gazette. If we are not able to meet this deadline, we will need to obtain an extension to complete the development on parcels 5 and 6; however, no assurances can be given that such extension will be granted. If we are unable to meet the deadline and that deadline is not extended, we could lose our land concession for parcels 5 and 6, which would prohibit us from operating any facilities developed under the land concession. As a result, we could forfeit all or a substantial part of its \$1.73 billion in capitalized costs, as of December 31, 2009, related to our development on parcels 5 and 6.

We are required to build and open our developments on parcel 3 of the Cotai Strip by April 2013. Unless we meet this deadline or obtain an extension, we may lose our land concession for parcel 3, which would prohibit us from operating any facilities development under such land concession.

The land concession we received from the Macau government covers parcels 1, 2 and 3, including the sites on which The Venetian Macao (parcel 1) and Four Seasons Macao (parcel 2) are located. The Macau Government recently granted us a two-year extension of the development deadline under the land concession for Parcel 3. Under the terms of the land concession, we must complete development of parcel 3 by April 17, 2013. We have commenced pre-construction on parcel 3 and intend to commence construction after necessary government approvals are obtained, regional and global economic conditions improve, future demand warrants it and additional financing is obtained. As a result, there is a significant risk that we will not be able to complete construction by the deadline. See Risks Related to Our Business Disruptions in the financial markets could adversely affect our ability to raise additional financing. Should general economic conditions not improve, if we are unable to obtain sufficient funding such that completion of our suspended projects is not probable, or should management decide to abandon certain projects, all or a portion of our investment to date on our suspended projects could be lost, Risks Related to Our Business There are significant risks associated with our planned construction projects, which could have an adverse effect on our financial condition, results of operations or cash flows from these planned facilities and Conducting business in Macau and Singapore has certain political and economic risks which may effect the financial condition, results of operations or cash flows of our Asian operations. Should we determine that we are unable to complete the development of parcel 3 by April 2013, we intend to apply for an additional extension from the Macau Government. If we are unable to meet the 2013 deadline and that deadline is not extended, the Macau Government has the right to unilaterally terminate our land concession for parcel 3. A loss of our land concession would prohibit us from operating any properties developed under the land concession for parcel 3. As a result, we could forfeit all or a substantial portion of our \$35.7 million in capitalized costs as of December 31, 2009, for parcel 3.

Our revised development plan may give certain of our hotel managers for our Cotai Strip developments the right to terminate their agreements with us.

We have entered into management agreements with Starwood and Shangri-La to manage hotels and serviced luxury apart-hotel units located within our Cotai Strip development on parcels 5 and 6. Our management agreements with Starwood and Shangri-La impose certain construction and opening obligations and deadlines on us, and certain past and/or anticipated delays may represent a default under the agreements, which would allow Starwood and Shangri-La to terminate their respective agreements. In connection with receiving commitments for project financing, as well as completion of our SCL Offering, we are recommencing construction on parcels 5 and 6 and are negotiating amendments to the management agreements with Starwood and Shangri-La to provide for new opening timelines, which we expect to finalize by the second quarter of 2010. If negotiations are unsuccessful, Starwood and Shangri-La would have the right to terminate their agreements with us, which would result in our having to find new managers and brands for these projects, and which could have a material adverse effect on our financial condition, results of operations or cash flows.

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The Macau government can terminate our subconcession under certain circumstances without compensation to us, which would have a material adverse effect on our financial condition, results of operations or cash flows.

The Macau government has the right, after consultation with Galaxy, to unilaterally terminate our subconcession in the event of VML's serious non-compliance with its basic obligations under the subconcession and applicable Macau laws. Upon termination of our subconcession, our casinos and gaming-related equipment would automatically be transferred to the Macau government without compensation to us and we would cease to generate any revenues from these operations. The loss of our subconcession would prohibit us from conducting gaming operations in Macau, which could have a material adverse effect on our financial condition, results of operations or cash flows.

We will stop generating any revenues from our Macau gaming operations if we cannot secure an extension of our subconcession in 2022 or if the Macau government exercises its redemption right.

Our subconcession agreement expires on June 26, 2022. Unless our subconcession is extended, on that date, all of our casinos and gaming-related equipment will automatically be transferred to the Macau government without compensation to us and we will cease to generate any revenues from these operations. Beginning on December 26, 2017, the Macau government may redeem the subconcession agreement by providing us at least one year prior notice. In the event the Macau government exercises this redemption right, we are entitled to fair compensation or indemnity. The amount of such compensation or indemnity will be determined based on the amount of gaming and non-gaming revenue, as defined, generated by The Venetian Macao during the tax year prior to the redemption multiplied by the number of remaining years before expiration of the subconcession. We cannot assure you that we will be able to renew or extend our subconcession agreement on terms favorable to us or at all. We also cannot assure you that if our subconcession is redeemed, the compensation paid will be adequate to compensate us for the loss of future revenues.

The number of visitors to Macau, particularly visitors from mainland China, may decline or travel to Macau may be disrupted.

Our VIP and mass market gaming patrons typically come from nearby destinations in Asia, including mainland China, Hong Kong, South Korea and Japan. Increasingly, a significant number of gaming patrons come to our casinos from mainland China.

The large investments that we and our competitors are making in the construction of new hotels and casinos, are based, in part, on projections regarding the number of visitors, and in particular, visitors from mainland China. As a result, general economic conditions and policies in China could have a significant impact on our financial prospects. Any slowdown in economic growth or changes of China's current restrictions on travel and currency movements could disrupt the number of visitors from mainland China to our casinos in Macau as well as the amounts they are willing and able to spend while at our properties.

Policies and measures adopted from time to time by the Chinese government include restrictions imposed on exit visa applicants for travel to Macau by Chinese authorities. Under the measures, residents of mainland China are restricted to making only one visit every two months instead of one visit per month. In addition, residents of mainland China visiting Hong Kong may no longer visit Macau on the same visa, but instead must obtain a separate visa for any visit to Macau. These developments have, and any future policy developments that may be implemented may have, the effect of reducing the number of visitors to Macau from mainland China, which could adversely impact tourism and the gaming industry in Macau.

Our Macau operations face intense competition, which could have a material adverse effect on our financial condition, results of operations or cash flows.

The hotel, resort and casino businesses are highly competitive. Our Macau operations currently compete with numerous other casinos located in Macau, including the recent openings of City of Dreams and L'Arc. Our Macau operations will also compete to some extent with casinos located elsewhere in Asia, such as Malaysia's Genting Highlands and in Singapore, as well as gaming venues in Australia, New Zealand and elsewhere in the world, including Las Vegas. In addition, certain countries have legalized, and others may in the future legalize, casino gaming, including Hong Kong, Japan, Taiwan and Thailand. The proliferation of gaming venues in Southeast Asia could significantly and adversely effect our financial condition, results of operations or cash flows.

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The Macau and Singapore governments could grant additional rights to conduct gaming in the future, which could have a material adverse effect on our financial condition, results of operations or cash flows.

We hold a subconcession under one of only three gaming concessions authorized by the Macau government to operate casinos in Macau. The Macau government permits existing concessionaires to grant subconcessions; however, the Macau government has undertaken contractually not to grant additional gaming concessions until April 1, 2009. No additional concessions have been granted; however, if the Macau government were to allow additional competitors to operate in Macau through the grant of additional concessions or subconcessions, we would face additional competition, which could have a material adverse effect on our financial condition, results of operations or cash flows.

We hold one of two licenses granted by the Singapore government to develop an integrated resort, including a casino. Under the Exclusivity Period, which began on March 1, 2007, the Singapore government will not license another casino for at least ten years. If the Singapore government were to license additional casinos, we would face additional competition which could have a material adverse effect on our financial condition, results of operations or cash flows.

We may not be able to attract and retain professional staff necessary for our existing and future properties in Macau and our operations in Singapore.

Our success depends in large part upon our ability to attract, retain, train, manage and motivate skilled employees. In addition, the Macau government requires us to only hire Macau residents as dealers in our casinos. There is significant competition in Macau for employees with the skills required to perform the services we offer and competition for these individuals is likely to increase as we open our remaining Cotai Strip developments and as other competitors expand their operations. We expect competition in Singapore for employees with the skills we require as we develop and open the Marina Bay Sands. There can be no assurance that a sufficient number of skilled employees will continue to be available, or that we will be successful in training, retaining and motivating current or future employees. If we are unable to attract, retain and train skilled employees, our ability to adequately manage and staff our existing and planned casino and resort properties in Macau and Singapore could be impaired, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We are dependent upon gaming junket operators for a significant portion of our gaming revenues in Macau.

Junket operators, who promote gaming and draw high-roller customers to casinos, are responsible for a significant portion of our gaming revenues in Macau. With the rise in gaming in Macau, the competition for relationships with junket operators has increased. While we are undertaking initiatives to strengthen our relationships with our current junket operators, there can be no assurance that we will be able to maintain, or grow, our relationships with junket operators. If we are unable to maintain or grow our relationships with junket operators, our ability to grow our gaming revenues will be hampered and we may seek alternative ways to develop relationships with high-roller customers.

In addition, the quality of junket operators is important to our reputation and our ability to continue to operate in compliance with our gaming licenses. While we strive for excellence in our associations with junket operators, we cannot assure you that the junket operators with whom we are associated will meet the high standards we insist upon. If a junket operator falls below our standards, we may suffer reputational harm, as well as worsening relationships with, and possibly sanctions from, gaming regulators with authority over our operations.

Our business could be adversely affected by the limitations of the pataca exchange markets and restrictions on the export of the renminbi.

Our revenues in Macau are denominated in patacas, the legal currency of Macau, and Hong Kong dollars. Although currently permitted, we cannot assure you that patacas will continue to be freely exchangeable into U.S. dollars. Also, because the currency market for patacas is relatively small and undeveloped, our ability to convert large amounts of patacas into U.S. dollars over a relatively short period may be limited. As a result, we may experience difficulty in converting patacas into U.S. dollars.

We are currently prohibited from accepting wagers in renminbi, the legal currency of China. There are also restrictions on the export of the renminbi outside of mainland China and the amount of renminbi that can be converted into foreign currencies, including the pataca and Hong Kong dollar. Restrictions on the export of the renminbi may impede the flow of gaming customers from mainland China to Macau, inhibit the growth of gaming in Macau and negatively impact our gaming operations.

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On July 21, 2005, the People's Bank of China announced that the renminbi will no longer be pegged to the U.S. dollar, but will be allowed to float in a band (and, to a limited extent, increase in value) against a basket of foreign currencies. The Macau pataca is pegged to the Hong Kong dollar. Certain Asian countries have publicly asserted their desire to eliminate the peg of the Hong Kong dollar to the U.S. dollar. As a result, we cannot assure you that the Hong Kong dollar and the Macau pataca will continue to be pegged to the U.S. dollar or that the current peg rate for these currencies will remain at the same level. The floating of the renminbi and possible changes to the peg of the Hong Kong dollar may result in severe fluctuations in the exchange rate for these currencies. Any change in such exchange rates could have a material adverse effect on our operations and on our ability to make payments on certain of our debt instruments. We do not currently hedge for foreign currency risk.

Certain Nevada gaming laws apply to our planned gaming activities and associations in other jurisdictions where we operate or plan to operate.

Certain Nevada gaming laws also apply to our gaming activities and associations in jurisdictions outside the State of Nevada. We are required to comply with certain reporting requirements concerning our proposed gaming activities and associations occurring outside the State of Nevada, including Macau, Singapore and other jurisdictions. We will also be subject to disciplinary action by the Nevada Commission if we:

knowingly violate any laws of the foreign jurisdiction pertaining to the foreign gaming operation;

fail to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;

engage in any activity or enter into any association that is unsuitable for us because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to the gaming policies of Nevada;

engage in any activity or enter into any association that interferes with the ability of the State of Nevada to collect gaming taxes and fees; or

employ, contract with or associate with any person in the foreign gaming operation who has been denied a license or a finding of suitability in Nevada on the ground of personal unsuitability, or who has been found guilty of cheating at gambling.

In addition, if the Nevada Board determines that one of our actual or intended activities or associations in a foreign gaming operation may violate one or more of the foregoing, we can be required to file an application with the Nevada Commission for a finding of suitability of such activity or association. If the Nevada Commission finds that the activity or association in the foreign gaming operation is unsuitable or prohibited, we will either be required to terminate the activity or association, or will be prohibited from undertaking the activity or association. Consequently, should the Nevada Commission find that our gaming activities or associations in Macau or certain other jurisdictions where we operate are unsuitable, we may be prohibited from undertaking our planned gaming activities or associations in those jurisdictions.

The gaming authorities in other jurisdictions where we operate or plan to operate, including in Macau and Singapore, exercise similar powers for purposes of assessing suitability in relation to our activities in other gaming jurisdictions where we do business.

We may not be able to monetize some of our real estate assets.

Part of our business strategy in Macau relies upon our ability to profitably operate, sell and/or grant rights of use over certain of our real estate assets once developed, including retail malls and apart-hotels, and to use the proceeds of these operations and sales to refinance, or repay, in part our construction loans for these assets, as well as to fund existing and future development both in Macau and elsewhere. Our ability to monetize these assets will be subject to market conditions, applicable legislation, the receipt of necessary government approvals and other factors. If we are unable to profitably operate and/or monetize these real estate assets, we will have to seek alternative sources of capital to refinance in part our construction loans and for other investment capital. These alternative sources of capital may not be available on commercially reasonable terms or at all.

Table of Contents***VML may have financial and other obligations to foreign workers managed by its contractors under government labor quotas.***

The Macau government has granted VML a quota to permit it to hire foreign workers. VML has effectively assigned the management of this quota to its contractors for the construction of The Venetian Macao, Four Seasons Macao and other Cotai Strip projects. VML, however, remains ultimately liable for all employer obligations relating to these employees, including for payment of wages and taxes and compliance with labor and workers' compensation laws. VML requires each contractor to whom it has assigned the management of part of its labor quota to indemnify VML for any costs or liabilities VML incurs as a result of such contractor's failure to fulfill employer obligations. VML's agreements with its contractors also contain provisions that permit it to retain some payments for up to one year after the contractors complete work on the projects. We cannot assure you that VML's contractors will fulfill their obligations to employees hired under the labor quotas or to VML under the indemnification agreements, or that the amount of any indemnification payments received will be sufficient to pay for any obligations VML may owe to employees managed by contractors under VML's quotas. Until we make final payments to our contractors, we have offset rights to collect amounts they may owe us, including amounts owed under the indemnities relating to employer obligations. After we have made the final payments, it may be more difficult for us to enforce any unpaid indemnity obligations.

The transportation infrastructure in Macau may need to be expanded to meet increased visitation in Macau.

Macau is in the process of expanding its transportation infrastructure to service the increased number of visitors to Macau. If the planned expansions of transportation facilities to and from Macau are delayed or not completed, and Macau's transportation infrastructure is insufficient to meet the demands of an increased volume of visitors to Macau, the desirability of Macau as a gaming and tourist destination, as well as the results of operations of our Macau properties, could be negatively impacted.

We are currently not required to pay corporate income taxes on our casino gaming operations in Macau. This tax exemption expires at the end of 2013.

We have had the benefit of a corporate tax exemption in Macau, which exempts us from paying corporate income tax on profits generated by the operation of casino games. We will continue to benefit from this tax exemption through the end of 2013. We cannot assure you that this tax exemption will be extended beyond the expiration date and we do not expect this tax exemption to apply to our non-gaming activities.

Macau is susceptible to severe typhoons that may disrupt operations.

Macau is susceptible to severe typhoons. Macau consists of a peninsula and two islands off the coast of mainland China. On some occasions, typhoons have caused a considerable amount of damage to Macau's infrastructure and economy. In the event of a major typhoon or other natural disaster in Macau, our business may be severely disrupted and our results of operations could be adversely effected. Although we have insurance coverage with respect to these events, we cannot assure you that our coverage will be sufficient to fully indemnify us against all direct and indirect costs, including loss of business, that could result from substantial damage to, or partial or complete destruction of, our Macau properties or other damage to the infrastructure or economy of Macau.

Our Singapore concession can be terminated under certain circumstances without compensation to us, which would have a material adverse effect on our financial condition, results of operations or cash flows.

The Development Agreement between MBS and the STB contains events of default which could permit the STB to terminate the agreement without compensation to us. If the Development Agreement is terminated, we could lose our right to open and operate the Marina Bay Sands and our investment in Marina Bay Sands could be lost.

For a more complete description of the Singapore gaming regulatory requirements applicable to beneficial owners of our voting securities, see Item 1 Business Regulation and Licensing Development Agreement with Singapore Tourism Board.

An outbreak of highly infectious disease could adversely affect the number of visitors to our facilities and disrupt our operations, resulting in a material adverse effect on our financial condition, results of operations or cash flows.

Outbreaks of highly infectious diseases, such as the highly contagious form of atypical pneumonia known as severe acute respiratory syndrome (or SARS), avian flu and, more recently, swine flu, has resulted in a decrease in travel to

and from, and economic activity in, affected regions, including Macau. Potential future outbreaks of highly infectious diseases may adversely affect the number of visitors to our operating properties and our other properties we are currently developing. Furthermore, an outbreak might disrupt our ability to adequately staff our business and could generally disrupt our operations. If any of our customers or employees is suspected of having contracted certain highly contagious diseases, we may be required to quarantine these customers or employees or the affected areas of our facilities and temporarily suspend part or all of our operations at affected facilities. Any new outbreak of such a highly infectious disease could have a material adverse effect on our financial condition, results of operations or cash flows.

Table of Contents**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

ITEM 2. PROPERTIES

We own an approximately 63-acre parcel of land on which our Las Vegas Operating Properties are located and an approximately 19-acre parcel of land located to the east of the 63-acre parcel. We own these parcels of land in fee simple, subject to certain easements, encroachments and other non-monetary encumbrances. LVSLLC's senior secured credit facility and LVSC's senior notes are, subject to certain exceptions, collateralized by a first priority security interest (subject to permitted liens) in substantially all of LVSLLC's property.

We have received concessions from the Macau government to build on a six-acre land site for the Sands Macao and parcels 1, 2 and 3 on the Cotai Strip, including the sites on which The Venetian Macao (parcel 1) and Four Seasons Macao (parcel 2) are located. We do not own these land sites in Macau; however, the land concessions grant us exclusive use of the land. As specified in the land concessions, we are required to pay premiums, which are either payable in a single lump sum upon acceptance of our 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, which may be revised every five years by the Macau government. In October 2008, the Macau government amended our land concession to separate the retail and hotel portions of the Four Seasons Macao parcel and allowed us to subdivide the parcel into four separate components, consisting of retail, hotel/casino, Four Seasons Apartments and parking areas. In consideration for the amendment, we paid an additional land premium of approximately \$17.8 million and will pay adjusted annual rent over the remaining term of the concession, which increased slightly due to the revised allocation of parcel use. See

Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 6 Leasehold Interests in Land, Net for more information on our payment obligation under these land concessions.

Under our land concession for parcel 3, we were initially required to complete the corresponding development by August 2011. The Macau government has granted us a two-year extension to complete the development of parcel 3, which now must be completed by April 2013. We believe that if we are not able to complete the development by the revised deadline, we will be able to obtain another extension from the Macau government; however, no assurances can be given that an additional extension will be granted. If we are unable to meet the April 2013 deadline and that deadline is not extended, we could lose our land concession for parcel 3, which would prohibit us from operating any facilities developed under the land concession for parcel 3. As a result, we could forfeit all or a substantial portion of our \$35.7 million in capitalized costs, as of December 31, 2009, related to our development on parcel 3.

In November 2009, we received the final draft of the land concession agreement from the Macau government for parcels 5 and 6. We have formally accepted the terms and conditions of the draft land concession and have made an initial premium payment of 700.0 million patacas (approximately \$87.6 million at exchange rates in effect on December 31, 2009). The land concession will not become effective until the date it is published in Macau's Official Gazette. Once the land concession becomes effective, we will be required to make additional land premium and annual rent payments in the amounts and at the times specified in the land concession. The land concession requires us to complete the development of the integrated resort on parcels 5 and 6 within 48 months of the date it is published in Macau's Official Gazette. If we are not able to meet this deadline, we will need to obtain an extension to complete the development on parcels 5 and 6; however, no assurances can be given that such extension will be granted. If we are unable to meet the deadline and that deadline is not extended, we could lose our land concession for parcels 5 and 6, which would prohibit us from operating any facilities developed under the land concession. As a result, we could forfeit all or a substantial part of our \$1.73 billion in capitalized costs, as of December 31, 2009, related to our development on parcels 5 and 6.

We do not yet have all of the necessary Macau government approvals to develop our planned Cotai Strip developments on parcels 3, 5, 6, 7 and 8. We have received a land concession for parcel 3 and will negotiate the land concession for parcels 7 and 8 once the land concession for parcels 5 and 6, as previously noted, is finalized. Based on historical experience with the Macau government with respect to our land concessions for the Sands Macao and parcels 1, 2, 3, 5 and 6, management believes that the land concessions for parcels 7 and 8 will be granted; however, if we do not obtain these land concessions, we could forfeit all or a substantial part of our \$116.2 million in capitalized

costs, as of December 31, 2009, related to our developments on parcels 7 and 8.

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Under the Development Agreement with the STB to build and operate the Marina Bay Sands in Singapore, we paid SGD 1.2 billion (approximately \$854.3 million at exchange rates in effect on December 31, 2009) in premium payments for the 60-year lease of the land on which the integrated resort is being developed plus an additional SGD 105.6 million (approximately \$75.2 million at exchange rates in effect on December 31, 2009) for various taxes and other fees. Of this combined amount, \$880.2 million has been capitalized on the consolidated balance sheet as leasehold interest in land with \$49.3 million amortized as of December 31, 2009.

The Sands Bethlehem development is located on the site of the historic Bethlehem Steel Works in Bethlehem, Pennsylvania, which is about 70 miles from midtown Manhattan, New York. In September 2008, our joint venture partner, Bethworks Now, contributed the land on which Sands Bethlehem is being developed to Sands Bethworks Gaming and Sands Bethworks Retail, a portion of which was contributed through a condominium form of ownership. In March 2004, we entered into a long-term lease with a third party for the airspace over which a portion of The Shoppes at The Palazzo was constructed (the *Leased Airspace*). We acquired fee title from the same third party to the airspace above the Leased Airspace (the *Acquired Airspace*) in order to build the St. Regis Residences in January 2008. In February 2008, in connection with the sale of The Shoppes at The Palazzo, GGP acquired control of the Leased Airspace. We continue to retain fee title to the Acquired Airspace in order to resume building the St. Regis Residences when market conditions improve.

ITEM 3. LEGAL PROCEEDINGS

In addition to the matters described below, we are party to various legal matters and claims arising in the ordinary 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 adverse effect on our financial condition, results of operations or cash flows.

The Palazzo Construction Litigation

Lido Casino Resort, LLC (*Lido*), formerly a wholly owned subsidiary of the Company and now merged into VCR, and its construction manager, Taylor International Corp., on one side, and Malcolm Drilling Company, Inc. (*Malcolm*), the contractor on The Palazzo project responsible for completing certain foundation work, filed claims against each other in an action filed in 2006 in Clark County District Court. On April 24, 2009, the Company reached a settlement of this matter with Malcolm for approximately \$10.6 million, which was paid in May 2009. Of the \$10.6 million, \$9.9 million has been capitalized as building-related construction costs and \$0.7 million has been recorded as interest expense as of and for the year ended December 31, 2009. The Company does not expect to incur any further charges in connection with this matter.

Litigation Relating to 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 has appealed the verdict to the Nevada Supreme Court and the appeal has been fully briefed by all parties. The Company believes that it has valid bases in law and fact to overturn or appeal the verdict. As a result, the Company believes that the likelihood that the amount of the judgment will be affirmed is not probable, and, accordingly, that the amount of any loss cannot be reasonably estimated at this time. 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.

On January 26, 2006, Clive Basset Jones, Darryl Steven Turok (a/k/a Dax Turok) and Cheong Jose Vai Chi (a/k/a Cliff Cheong), filed an action against LVSC, LVSLLC, Venetian Venture Development, LLC (Venetian Venture Development) and various unspecified individuals and companies in the District Court of Clark County, Nevada. The plaintiffs assert breach of an agreement to pay a success fee in an amount equal to 5% of the ownership interest in the entity that owns and operates the Macau gaming subconcession as well as other related claims. On June 3, 2009, the Company reached a settlement of this matter for \$42.5 million, of which \$12.5 million was paid in June 2009. The remaining \$30.0 million was settled with 22,185,115 ordinary shares of SCL in connection with the SCL Offering. The charge was recorded in corporate expense during the year ended December 31, 2009. The Company does not expect to incur any further charges in connection with this matter.

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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 have until February 28, 2010, to file any objections thereto and, if none are filed, the recommendation for dismissal will come before the District Court for its consideration. Management believes that AAEC s case against the Company is without merit and intends to defend this matter vigorously.

In January 2008, Hong Kong ferry operator Norte Oeste Expresso Ltd. (Northwest Express) filed an administrative action challenging an order from the Chief Executive of the Macau government with respect to the Macau government s entry into an agreement with CFCL, as defined below, related to the operation of ferry service between Hong Kong and Taipa. The administrative action named the Company s indirect wholly owned subsidiary, Cotai Ferry Company Limited (CFCL, previously named Cotai Waterjets (Macau) Limited), as an interested party. The basis of the legal challenge is that, under Macau law, any concessions or agreements related to the provision of a public service must be awarded through a public tender process. In February 2009, the Court of Second Instance in Macau held that it was unlawful for the Macau government to enter into the ferry agreement with CFCL without engaging in a public tender process, and therefore the ferry agreement with CFCL is void. The Company and the Macau government appealed the decision to the Court of Final Appeal in Macau. On December 30, 2009, the Macau government and CFCL entered into an agreement to terminate the agreement for the operation of ferry service between Hong Kong and Taipa in Macau subject to the condition precedent of a license to operate ferry services being issued to CFCL under new legislation recently enacted by the Macau government related to ferry service operations to and from Macau. A license for the operation of ferry services by CFCL and approval to operate six routes between Macau and Hong Kong, valid for a period of ten years, was issued on January 14, 2010, and therefore, termination of the ferry agreement that was being challenged in Macau courts was effective on that same date. As a result of the new ferry operator license being granted to CFCL and termination of the ferry agreement entered into with Macau government being effective, the Macau Court of Final Instance has now dismissed the administrative action, effective on February 22, 2010, and the matter is now 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, which are based on a non-legally binding memorandum of agreement that expired by its terms over three years ago, are frivolous, baseless and without merit. The Company intends to vigorously contest any claims or lawsuits that may be brought by FEC.

Stockholder Derivative Litigation

On November 26, 2008, January 16, 2009 and February 6, 2009, various plaintiffs filed shareholder derivative actions on behalf of the Company in the District Court of Clark County, Nevada, against Sheldon G. Adelson, Irwin Chafetz, Charles D. Forman, George P. Koo, Michael A. Leven, James L. Purcell, Irwin A. Siegel, William P. Weidner and Andrew Heyer, all of whom were current or former members of the Board of Directors at the time the suits were filed.

The complaints all alleged, among other things, breaches of fiduciary duties in connection with (i) the Company's ongoing construction and development projects and (ii) the Company's securing debt and equity financing during 2008.

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A motion to dismiss the consolidated amended complaint was filed on April 17, 2009. This motion, and all responses and replies thereto were argued on August 27, 2009. The District Court of Clark County entered a decision and order on November 4, 2009, dismissing the plaintiff's consolidated amended complaint with prejudice. The District Court's Order was not appealed within the time allotted, as a consequence of which the Court's decision is binding and final.

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. The Company is fully cooperating with these pending inquiries. The Company does not believe that the resolution of these pending inquiries will have a material adverse effect on its financial condition, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

The Company's common stock trades on the NYSE under the symbol LVS. The following table sets forth the high and low sales prices for the common stock on the NYSE for the fiscal quarter indicated.

	High	Low
2008		
First Quarter	\$ 105.38	\$ 70.00
Second Quarter	\$ 83.13	\$ 45.30
Third Quarter	\$ 59.17	\$ 30.56
Fourth Quarter	\$ 37.00	\$ 2.89
2009		
First Quarter	\$ 9.15	\$ 1.38
Second Quarter	\$ 11.84	\$ 3.08
Third Quarter	\$ 20.73	\$ 6.32
Fourth Quarter	\$ 18.84	\$ 12.95
2010		
First Quarter (through February 19, 2010)	\$ 19.12	\$ 14.88

As of February 19, 2010, there were 660,323,374 shares of our common stock issued and outstanding that were held by 439 stockholders of record.

Dividends

We have not declared or paid any dividends on our common stock since our formation in August 2004 and we do not expect to pay dividends on our common stock in the future. We expect to retain our future earnings, if any, for use in the operation and expansion of our business.

Our preferred stock dividend activity is as follows (in thousands):

Board of Directors	Declaration Date	Payment Date	Preferred Stock	Preferred	Total Preferred
			Dividends Paid to Principal Stockholders	Stock Dividends Paid to Public Holders	
	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
	October 30, 2009	November 16, 2009	13,125	10,225	23,350
					\$ 94,697
	February 5, 2010	February 16, 2010	\$ 13,125	\$ 10,225	\$ 23,350

Our Board of Directors will determine whether to pay dividends on our common and preferred stock in the future based on conditions then existing, including our earnings, financial condition, available cash and capital requirements, as well as economic and other conditions deemed relevant. Our ability to declare and pay such dividends is subject to the requirements of Nevada law. In addition, we are a parent company with limited business operations of our own. Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interest in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties.

Our subsidiaries' long-term debt arrangements place material restrictions on their ability to pay cash dividends to the Company. This will restrict our ability to pay cash dividends other than from cash on hand. See Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Restrictions on Distributions and Item 8 Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements - Note 8 Long-Term Debt.

Table of Contents**Recent Sales of Unregistered Securities**

There have not been any sales by the Company of equity securities in the last fiscal year that have not been registered under the Securities Act of 1933, except as previously reported by the Company on a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

Performance Graph

The following performance graph compares the performance of our common stock with the performance of the Standard & Poor's 500 Index and the Dow Jones US Gambling Index, during the five years ended December 31, 2009. The graph plots the changes in value of an initial \$100 investment over the indicated time period, assuming all dividends are reinvested. The stock price performance in this graph is not necessarily indicative of future stock price performance.

	Cumulative Total Return					
	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09
Las Vegas Sands Corp.	\$ 100.00	\$ 82.23	\$ 186.42	\$ 214.69	\$ 12.35	\$ 31.13
S&P 500	\$ 100.00	\$ 104.91	\$ 121.48	\$ 128.16	\$ 80.74	\$ 102.11
Dow Jones US Gambling Index	\$ 100.00	\$ 101.44	\$ 147.81	\$ 169.69	\$ 45.64	\$ 71.07

The performance graph should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Exchange Act of 1934, except to the extent the Company specifically incorporates the performance graph by reference therein.

ITEM 6. SELECTED FINANCIAL DATA

The following reflects selected historical financial data that should be read in conjunction with Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K. The historical results are not necessarily indicative of the results of operations to be expected in the future.

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	Year Ended December 31,				
	2009(1)(2)	2008(3)	2007(4)	2006	2005
	(In thousands, except per share data)				
STATEMENT OF OPERATIONS DATA					
Gross revenues	\$ 4,929,444	\$ 4,735,126	\$ 3,104,422	\$ 2,340,178	\$ 1,824,225
Promotional allowances	(366,339)	(345,180)	(153,855)	(103,319)	(83,313)
Net revenues	4,563,105	4,389,946	2,950,567	2,236,859	1,740,912
Operating expenses	4,591,845	4,226,283	2,620,557	1,662,762	1,251,461
Operating income (loss)	(28,740)	163,663	330,010	574,097	489,451
Interest expense, net	(310,748)	(402,039)	(172,344)	(69,662)	(63,181)
Other income (expense)	(9,891)	19,492	(8,682)	(189)	(1,334)
Loss on modification or early retirement of debt	(23,248)	(9,141)	(10,705)		(137,000)
Income (loss) before income taxes	(372,627)	(228,025)	138,279	504,246	287,936
Income tax benefit (expense)	3,884	59,700	(21,591)	(62,243)	(4,250)
Net income (loss)	(368,743)	(168,325)	116,688	442,003	283,686
Net loss attributable to noncontrolling interests	14,264	4,767			
Net income (loss) attributable to Las Vegas Sands Corp.	(354,479)	(163,558)	116,688	442,003	283,686
Preferred stock dividends	(93,026)	(13,638)			
Accretion to redemption value of preferred stock issued to Principal Stockholder's family	(92,545)	(11,568)			
Net income (loss) attributable to common stockholders	\$ (540,050)	\$ (188,764)	\$ 116,688	\$ 442,003	\$ 283,686
Per share data:					
Basic earnings (loss) per share	\$ (0.82)	\$ (0.48)	\$ 0.33	\$ 1.25	\$ 0.80
Diluted earnings (loss) per share	\$ (0.82)	\$ (0.48)	\$ 0.33	\$ 1.24	\$ 0.80
OTHER DATA					
Capital expenditures	\$ 2,092,896	\$ 3,789,008	\$ 3,793,703	\$ 1,925,291	\$ 860,621
	December 31,				
	2009	2008	2007	2006	2005
	(In thousands)				
BALANCE SHEET DATA					
Total assets	\$ 20,572,106	\$ 17,144,113	\$ 11,466,517	\$ 7,126,458	\$ 3,879,739
Long-term debt	\$ 10,852,147	\$ 10,356,115	\$ 7,517,997	\$ 4,136,152	\$ 1,625,901
Total Las Vegas Sands Corp. stockholders' equity	\$ 6,506,434	\$ 4,422,108	\$ 2,260,274	\$ 2,075,154	\$ 1,609,538

- (1) Sands Bethlehem opened on May 22, 2009.
- (2) During the year ended December 31, 2009, we recorded an impairment loss of \$169.5 million, a legal settlement expense of \$42.5 million and a valuation allowance against our U.S. deferred tax assets of \$96.9 million.
- (3) Four Seasons Macao opened on August 28, 2008.
- (4) The Venetian Macao opened on August 28, 2007, and The Palazzo partially opened on December 30, 2007.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

The following discussion should be read in conjunction with, and is qualified in its entirety by, the audited consolidated financial statements, and the notes thereto and other financial information included in this Form 10-K. Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements. See Special Note Regarding Forward-Looking Statements.

Operations

We view each of our casino properties as an operating segment. Our operating segments in the U.S. consist of The Venetian Las Vegas, 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 into our 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. Approximately 62.7% and 64.9% of gross revenue at our Las Vegas Operating Properties for the years ended December 31, 2009 and 2008, respectively, was derived from room revenues, food and beverage services, and other non-gaming sources, and 37.3% and 35.1%, respectively, was derived from gaming activities. The percentage of non-gaming revenue reflects the integrated resort's emphasis on the group convention and trade show business and the resulting high occupancy and room rates throughout the week, including during mid-week periods. Approximately 89.9% of gross revenue at Sands Bethlehem for the period ended December 31, 2009, was derived from gaming activities, with the remainder derived from food and beverage services, and other non-gaming sources.

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Our Macau operating segments consist of Sands Macao, The Venetian Macao, Four Seasons Macao and other ancillary operations that support these properties and will support our remaining Cotai Strip development projects. Approximately 93.6% and 92.5% of the gross revenue at the Sands Macao for the years ended December 31, 2009 and 2008, respectively, was derived from gaming activities, with the remainder primarily derived from room revenues and food and beverage services. Approximately 81.4% and 78.8% of the gross revenue at The Venetian Macao for years ended December 31, 2009 and 2008, respectively, was derived from gaming activities, with the remainder derived from room revenues, food and beverage services, and other non-gaming sources. Approximately 73.8% and 68.4% of the gross revenue at the Four Seasons Macao for the year ended December 31, 2009 and the period ended December 31, 2008, was derived from gaming activities, with the remainder derived from retail and other non-gaming sources.

Development Projects

Given the challenging conditions in the capital markets and the global economy and their impact on our ongoing operations, we revised our development plan to suspend portions of our development projects and focus our development efforts on those projects with the highest expected rates of return on invested capital. Should general economic conditions fail to improve, if we are unable to obtain sufficient funding such that completion of our suspended projects is not probable, or should management decide to abandon certain projects, all or a portion of our investment to date on our suspended projects could be lost and would result in an impairment charge. In addition, we may be subject to penalties under the termination clauses in our construction contracts or termination rights under our management contracts with certain hotel management companies.

United States Development Project

We were constructing the St. Regis Residences, which is located on the Las Vegas Strip between The Palazzo and The Venetian. As part of our revised development plan, we suspended our construction activities for the project due to reduced demand for Las Vegas Strip condominiums and the overall decline in general economic conditions. We intend to recommence construction when demand and conditions improve and expect that it will take approximately 18 months thereafter to complete construction of the project.

Macau Development Projects

We submitted plans to the Macau government for our 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 we refer 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, spas, dining, retail and entertainment facilities and other amenities. We commenced construction or pre-construction on these developments and plan to operate the related gaming areas under our Macau gaming subconcession.

We have sequenced the construction of our integrated resort development on parcels 5 and 6 due to difficulties in the capital markets and the overall decline in general economic conditions. Phases I and II of the integrated resort are expected to feature approximately 6,000 Shangri-La-, Traders- and Sheraton-branded 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 III of the project is expected to include a fourth St. Regis-branded hotel and mixed-use tower. In connection with receiving commitments of \$1.75 billion of project financing in November 2009 (which we expect to close in March 2010) to be used together with a portion of the proceeds from the SCL Offering, we are recommencing construction of phases I and II and expect it will take approximately 16 months to complete phase I, an additional six months thereafter to complete the adjacent Sheraton tower in phase II and an additional 24 months thereafter to complete the remaining retail facilities in phase II. We intend to complete phase III of the project as demand and market conditions warrant it.

We have commenced pre-construction on parcels 7, 8 and 3, and intend 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.

Singapore Development Project

In August 2006, MBS entered into the Development Agreement with the STB to build and operate an integrated resort called Marina Bay Sands in Singapore. Marina Bay Sands is expected to include three 55-story hotel towers (totaling

approximately 2,600 rooms and suites), 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. Based on our current development plan, we expect to open the Marina Bay Sands on April 27, 2010.

Table of Contents**Other Development Projects**

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

Summary Financial Results

The following table summarizes our results of operations:

	Year Ended December 31,				
	2009	Percent Change	2008	Percent Change	2007
	(Dollars in thousands)				
Net revenues	\$ 4,563,105	3.9%	\$ 4,389,946	48.8%	\$ 2,950,567
Operating expenses	4,591,845	8.6%	4,226,283	61.3%	2,620,557
Operating income (loss)	(28,740)	(117.6)%	163,663	(50.4)%	330,010
Income (loss) before income taxes	(372,627)	63.4%	(228,025)	(264.9)%	138,279
Net income (loss)	(368,743)	119.1%	(168,325)	(244.3)%	116,688
Net income (loss) attributable to Las Vegas Sands Corp	(354,479)	116.7%	(163,558)	(240.2)%	116,688

	Percent of Net Revenues		
	Year Ended December 31,		
	2009	2008	2007
Operating expenses	100.6%	96.3%	88.8%
Operating income (loss)	(0.6)%	3.7%	11.2%
Income (loss) before income taxes	(8.2)%	(5.2)%	4.7%
Net income (loss)	(8.1)%	(3.8)%	4.0%
Net income (loss) attributable to Las Vegas Sands Corp	(7.8)%	(3.7)%	4.0%

Our historical financial results will not be indicative of our future results as we continue to open new properties, including the Marina Bay Sands on April 27, 2010.

Key Operating Revenue Measurements

Operating revenues at our Las Vegas Operating Properties, The Venetian Macao and Four Seasons Macao are dependent upon the volume of customers who stay at the hotel, which affects the price that can be charged for hotel rooms and the volume of table games and slot machine play. Hotel revenues are not material for Sands Macao or Sands Bethlehem as revenues are principally driven by casino customers who visit the properties on a daily basis.

The following are the key measurements we use to evaluate operating revenue:

Casino revenue measurements for the U.S.: Table games drop (drop) and slot handle (handle) are volume measurements. Win or hold percentage represents the percentage of drop or handle that is won by the casino and recorded as casino revenue. Table games drop represents the sum of markers issued (credit instruments) less markers paid at the table, plus cash deposited in the table drop box. Slot handle is the gross amount wagered or coins placed into slot machines in aggregate for the period cited. We view table games win as a percentage of drop and slot hold as a percentage of slot handle. Based upon our mix of table games, our table games produce a statistical average win percentage (calculated before discounts) as measured as a percentage of drop of 20.0% to 22.0% and slot machines produce a statistical average hold percentage (calculated before slot club cash incentives) as measured as a percentage of handle generally between 6.0% and 7.0%. Actual win may vary from the statistical average. Generally, slot machine play is conducted on a cash basis, while approximately 57.5% of our table games play, for the year ended December 31, 2009, was conducted on a credit basis.

Casino revenue measurements for Macau: Macau table games are segregated into two groups, consistent with the Macau market's convention: Rolling Chip play (all VIP players) and Non-Rolling Chip play (mostly non-VIP players).

The volume measurement for Rolling Chip play is non-negotiable gaming chips wagered and lost. The volume measurement for Non-Rolling Chip play is table games drop as previously described. Rolling Chip and Non-Rolling Chip volume measurements are not comparable as the amounts wagered are substantially higher than the amounts dropped. Slot handle is the gross amount wagered or coins placed into slot machines in aggregate for the period cited.

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We view Rolling Chip win as a percentage of Rolling Chip volume, Non-Rolling Chip win as a percentage of drop and slot hold as a percentage of slot handle. Win or hold percentage represents the percentage of Rolling Chip volume, Non-Rolling Chip drop or slot handle that is won by the casino and recorded as casino revenue. Based upon our mix of table games, our Rolling Chip table games win percentage (calculated before discounts and commissions) is expected to be 3.0% and our Non-Rolling Chip table games are expected to produce a statistical average win percentage as measured as a percentage of drop of 18.0% to 20.0%. Similar to Las Vegas, our Macau slot machines produce a statistical average win percentage as measured as a percentage of handle of generally between 6.0% and 7.0%. Actual win may vary from the statistical average. Generally, gaming is conducted on a cash basis, with only 31.4% of our table games play, for the year ended December 31, 2009, being conducted on a credit basis. This percentage is expected to increase as we increase the credit extended to our premium players and gaming promoters for table games play.

Hotel revenue measurements: Hotel occupancy rate, which is the average percentage of available hotel rooms occupied during a period, and average daily room rate, which is the average price of occupied rooms per day, are used as performance indicators. Revenue per available room represents a summary of hotel average daily room rates and occupancy. Because not all available rooms are occupied, average daily room rates are normally higher than revenue per available room. Reserved rooms where the guests do not show up for their stay and lose their deposit may be re-sold to walk-in guests. These rooms are considered to be occupied twice for statistical purposes due to obtaining the original deposit and the walk-in guest revenue. In cases where a significant number of rooms are resold, occupancy rates may be in excess of 100% and revenue per available room may be higher than the average daily room rate.

Year Ended December 31, 2009 compared to the Year Ended December 31, 2008**Operating Revenues**

Our net revenues consisted of the following:

	Year Ended December 31,		Percent Change
	2009	2008	
	(Dollars in thousands)		
Casino	\$ 3,524,798	\$ 3,192,099	10.4%
Rooms	657,783	767,129	(14.3)%
Food and beverage	327,699	369,062	(11.2)%
Convention, retail and other	419,164	406,836	3.0%
	4,929,444	4,735,126	4.1%
Less promotional allowances	(366,339)	(345,180)	6.1%
Total net revenues	\$ 4,563,105	\$ 4,389,946	3.9%

Consolidated net revenues were \$4.56 billion for the year ended December 31, 2009, an increase of \$173.2 million compared to \$4.39 billion for the year ended December 31, 2008. The increase in net revenues was due primarily to a full year of operations of Four Seasons Macao, which opened in August 2008, and the opening of Sands Bethlehem in May 2009.

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Casino revenues increased \$332.7 million as compared to the year ended December 31, 2008. Of the increase, \$161.1 million was attributable to a full year of operations of Four Seasons Macao, \$141.8 million was attributable to the opening of Sands Bethlehem and \$89.1 million at The Venetian Macao was primarily due to the increase in Non-Rolling Chip win percentage. These increases were partially offset by decreases at our Las Vegas Operating Properties and Sands Macao. The following table summarizes the results of our casino activity:

	Year Ended December 31,		
	2009	2008	Change
(Dollars in thousands)			
Macau Operations:			
<i>The Venetian Macao</i>			
Total casino revenues	\$ 1,699,599	\$ 1,610,505	5.5%
Non-Rolling Chip drop	\$ 3,362,780	\$ 3,530,065	(4.7)%
Non-Rolling Chip win percentage	23.6%	19.9%	3.7pts
Rolling Chip volume	\$ 37,701,027	\$ 36,893,831	2.2%
Rolling Chip win percentage	2.80%	2.97%	(0.17)pts
Slot handle	\$ 2,362,680	\$ 1,941,895	21.7%
Slot hold percentage	7.4%	8.0%	(0.6)pts
<i>Sands Macao</i>			
Total casino revenues	\$ 1,003,042	\$ 1,013,063	(1.0)%
Non-Rolling Chip drop	\$ 2,413,446	\$ 2,626,877	(8.1)%
Non-Rolling Chip win percentage	19.5%	18.9%	0.6pts
Rolling Chip volume	\$ 21,920,186	\$ 25,182,225	(13.0)%
Rolling Chip win percentage	3.01%	2.64%	0.37pts
Slot handle	\$ 1,256,857	\$ 1,039,430	20.9%
Slot hold percentage	6.6%	7.8%	(1.2)pts
<i>Four Seasons Macao</i>			
Total casino revenues	\$ 207,191	\$ 46,094	349.5%
Non-Rolling Chip drop	\$ 335,655	\$ 99,849	236.2%
Non-Rolling Chip win percentage	23.7%	21.1%	2.6pts
Rolling Chip volume	\$ 7,059,450	\$ 630,088	1,020.4%
Rolling Chip win percentage	2.35%	4.45%	(2.1)pts
Slot handle	\$ 240,358	\$ 38,238	528.6%
Slot hold percentage	5.9%	5.6%	0.3pts
U.S. Operations:			
<i>Las Vegas Operating Properties</i>			
Total casino revenues	\$ 473,176	\$ 522,437	(9.4)%
Table games drop	\$ 1,769,130	\$ 1,846,394	(4.2)%
Table games win percentage	17.3%	19.8%	(2.5)pts
Slot handle	\$ 2,705,309	\$ 3,666,072	(26.2)%
Slot hold percentage	7.5%	5.7%	1.8pts
<i>Sands Bethlehem</i>			
Total casino revenues	\$ 141,790	\$	%
Slot handle	\$ 2,030,529	\$	%
Slot hold percentage	7.0%	%	pts

In our experience, average win percentages remain steady when measured over extended periods of time but can vary considerably within shorter time periods as a result of the statistical variances that are associated with games of chance in which large amounts are wagered.

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Room revenues decreased \$109.3 million as compared to the year ended December 31, 2008. Room revenues decreased as room rates were reduced to maintain occupancy at our Las Vegas Operating Properties and at The Venetian Macao. This decrease was partially offset by a \$16.6 million increase in revenues attributable to a full year of operations of Four Seasons Macao. The suites at Sands Macao are primarily provided to casino patrons on a complimentary basis. The following table summarizes the results of our room activity:

	Year Ended December 31,		
	2009	2008	Change
(Room revenues in thousands)			
Macau Operations:			
<i>The Venetian Macao</i>			
Total room revenues	\$ 173,319	\$ 200,594	(13.6)%
Average daily room rate	\$ 205	\$ 226	(9.3)%
Occupancy rate	83.6%	85.3%	(1.7)pts
Revenue per available room	\$ 171	\$ 193	(11.4)%
<i>Sands Macao</i>			
Total room revenues	\$ 26,558	\$ 27,074	(1.9)%
Average daily room rate	\$ 260	\$ 266	(2.3)%
Occupancy rate	97.7%	98.4%	(0.7)pts
Revenue per available room	\$ 254	\$ 261	(2.7)%
<i>Four Seasons Macao</i>			
Total room revenues	\$ 20,276	\$ 3,664	453.4%
Average daily room rate	\$ 295	\$ 344	(14.2)%
Occupancy rate	52.3%	32.0%	20.3pts
Revenue per available room	\$ 154	\$ 110	40.0%
U.S. Operations:			
<i>Las Vegas Operating Properties</i>			
Total room revenues	\$ 437,630	\$ 535,797	(18.3)%
Average daily room rate	\$ 195	\$ 232	(15.9)%
Occupancy rate	87.4%	91.3%	(3.9)pts
Revenue per available room	\$ 170	\$ 212	(19.8)%

Food and beverage revenues decreased \$41.4 million as compared to the year ended December 31, 2008. The decrease is due to a \$66.2 million decrease across our operating properties driven by a decrease in banquet and in-suite dining operations resulting from lower occupancy at our properties, as noted above, and a lower proportion of group and corporate businesses. This decrease was offset by \$13.3 million attributable to Sands Bethlehem and an increase of \$11.5 million attributable to a full year of operations of Four Seasons Macao.

Convention, retail and other revenues increased \$12.3 million as compared to the year ended December 31, 2008. The increase is primarily due to an increase of \$24.2 million attributable to the mall at Four Seasons Macao due to a full year of operations and \$21.1 million in our Other Asia segment driven by our passenger ferry service operations in Macao as we increased the frequency of sailings and commenced night sailings in the summer of 2008. These increases were partially offset by a decrease of \$27.0 million at our Las Vegas Operating Properties and \$7.9 million at The Venetian Macao, primarily driven by the decrease in our convention operations resulting from the decline in global economic conditions.

Operating Expenses

The breakdown of operating expenses is as follows:

	Year Ended December 31,		
	2009	2008	Percent Change

	(Dollars in thousands)		
Casino	\$ 2,349,422	\$ 2,214,235	6.1%
Rooms	121,097	154,615	(21.7)%
Food and beverage	165,977	186,551	(11.0)%
Convention, retail and other	240,377	213,351	12.7%
Provision for doubtful accounts	103,802	41,865	147.9%
General and administrative	526,199	550,529	(4.4)%
Corporate expense	132,098	104,355	26.6%
Rental expense	29,899	33,540	(10.9)%
Pre-opening expense	157,731	162,322	(2.8)%
Development expense	533	12,789	(95.8)%
Depreciation and amortization	586,041	506,986	15.6%
Impairment loss	169,468	37,568	351.1%
Loss on disposal of assets	9,201	7,577	21.4%
Total operating expenses	\$ 4,591,845	\$ 4,226,283	8.6%

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Operating expenses were \$4.59 billion for the year ended December 31, 2009, an increase of \$365.6 million as compared to \$4.23 billion for the year ended December 31, 2008. The increase in operating expenses was primarily attributable to a full year of operations of Four Seasons Macao, the opening of Sands Bethlehem, recognizing impairment losses and a legal settlement included in corporate expense, and increases in our provision for doubtful accounts, and depreciation and amortization, partially offset by a decrease in operating expenses driven by decreased revenues as well as our cost-cutting measures.

Casino expenses increased \$135.2 million as compared to the year ended December 31, 2008. Of the increase, \$103.2 million was attributable to Sands Bethlehem and \$95.1 million was due to the 39.0% gross win tax on our casino revenues at our Macao properties, driven primarily by increases at Four Seasons Macao and The Venetian Macao, as previously described, as well as a \$36.5 million (exclusive of the 39.0% gross win tax on casino revenues) attributable to a full year of operations of Four Seasons Macao. These increases were partially offset by a combined decrease of \$99.6 million at our operating properties driven by our cost-cutting measures.

Rooms expense decreased \$33.5 million and food and beverage expense decreased \$20.6 million as compared to the year ended December 31, 2008. These decreases were driven by the associated decreases in the related revenues described above, as well as our cost-cutting measures.

Convention, retail and other expense increased \$27.0 million, as compared to the year ended December 31, 2008. The increase was primarily attributable to a \$43.4 million increase in our passenger ferry service operations in Macao, partially offset by a \$15.3 million decrease at our Las Vegas Operating Properties driven by the associated decrease in the related revenues, as well as our cost-cutting measures.

The provision for doubtful accounts was \$103.8 million for the year ended December 31, 2009, compared to \$41.9 million for the year ended December 31, 2008. Of the increase, \$39.0 million related to our casino operations as we granted more credit to our premium players in Macao in response to the opening of new properties and \$16.6 million related to our mall operations as some of our tenants experienced difficulties driven by reduced visitation and consumer spending as a result of the economic downturn. The amount of this provision can vary over short periods of time because of factors specific to the customers who owe us money from gaming activities at any given time. We believe that the amount of our provision for doubtful accounts in the future will depend upon the state of the economy, our credit standards, our risk assessments and the judgment of our employees responsible for granting credit.

General and administrative expenses decreased \$24.3 million as compared to the year ended December 31, 2008. The decrease was primarily attributable to a \$55.8 million decrease across our operating properties driven by our cost-cutting measures, with \$25.6 million, \$19.3 million and \$10.9 million at our Las Vegas Operating Properties, The Venetian Macao, and Sands Macao, respectively, as well as a \$17.7 million decrease in Other Asia. The decrease was partially offset by expenses of \$25.0 million and \$24.2 million attributable to Sands Bethlehem and Four Season Macao, respectively.

Corporate expense increased \$27.7 million as compared to the year ended December 31, 2008. The increase was attributable to a \$42.5 million legal settlement (see Item 3 Legal Proceedings), partially offset by a decrease \$14.8 million of other corporate costs driven by our cost-cutting measures.

Pre-opening expenses were \$157.7 million for the year ended December 31, 2009, as compared to \$162.3 million for the year ended December 31, 2008. Pre-opening expense represents personnel and other costs incurred prior to the opening of new ventures, which are expensed as incurred. Pre-opening expenses for the year ended December 31, 2009, were primarily related to activities at Marina Bay Sands and Sands Bethlehem, as well as costs associated with suspension activities at our Cotai Strip developments. Development expenses, which were not material for the years ended December 31, 2009 and 2008, include the costs associated with the Company's evaluation and pursuit of new business opportunities, which are also expensed as incurred.

Depreciation and amortization expense increased \$79.1 million as compared to the year ended December 31, 2008. The increase was primarily attributable to a full year of depreciation expense related to the Four Seasons Macao and the opening of Sands Bethlehem, which contributed \$37.6 million and \$17.5 million, respectively. Additionally, increases of \$11.8 million and \$7.9 million were attributable to The Venetian Macao and The Palazzo, respectively, as both properties had unopened areas during the entire year ended December 31, 2008.

Impairment loss was \$169.5 million for the year ended December 31, 2009, consisting primarily of \$94.0 million related to a reduction in the expected proceeds to be received from the sale of The Shoppes at The Palazzo, \$57.2 million related to our indefinite suspension of plans to expand the Sands Expo Center and \$15.0 million related to certain real estate that was previously utilized in connection with marketing activities in Asia.

Table of Contents**Adjusted Property EBITDAR**

Adjusted property EBITDAR is used by management as the primary measure of the operating performance of our segments. Adjusted property EBITDAR is net loss attributable to Las Vegas Sands Corp. before interest, income taxes, depreciation and amortization, pre-opening expense, development expense, other income (expense), loss on modification or early retirement of debt, impairment loss, loss on disposal of assets, rental expense, corporate expense, stock-based compensation expense and net loss attributable to noncontrolling interests. The following table summarizes information related to our segments (see Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 17 Segment Information for discussion of our operating segments and a reconciliation of adjusted property EBITDAR to net loss attributable to Las Vegas Sands Corp.):

	Year Ended December 31,		Percent Change
	2009	2008	
	(Dollars in thousands)		
Macau:			
The Venetian Macao	\$ 556,547	\$ 499,025	11.5%
Sands Macao	244,925	214,573	14.1%
Four Seasons Macao	40,527	7,567	435.6%
Other Asia	(32,610)	(49,465)	(34.1)%
United States:			
Las Vegas Operating Properties	259,206	392,139	(33.9)%
Sands Bethlehem	17,566		%
Total adjusted property EBITDAR	\$ 1,086,161	\$ 1,063,839	2.1%

Adjusted property EBITDAR across our operating properties includes the savings benefits from our cost-cutting measures, which management expects to generate approximately \$500 million in total annualized savings across our operations, driven primarily by decreases in payroll-related expenses. These cost-cutting measures, which were fully implemented by the end of 2009, are expected to generate annualized savings of approximately \$200 million in Las Vegas and approximately \$300 million in Macau. Management believes that these cost savings will provide enhanced operating leverage once the global economy improves.

Adjusted property EBITDAR at The Venetian Macao increased \$57.5 million as compared to the year ended December 31, 2008. The increase was primarily due to an increase in net revenues of \$47.4 million as well as reduced expenses driven by our cost-cutting measures, as previously described.

Adjusted property EBITDAR at Sands Macao increased \$30.4 million as compared to the year ended December 31, 2008. The increase was primarily due to a decrease in operating expenses driven by our cost-cutting measures, with a \$31.7 million decrease in casino expenses (exclusive of the 39% gross win tax on casino revenues) and a \$10.9 million decrease in general and administrative expenses. These decreases in expenses were partially offset by an increase of \$17.7 million in the provision for doubtful accounts.

Adjusted property EBITDAR in our Other Asia segment increased \$16.9 million as compared to the year ended December 31, 2008. As previously described, our passenger ferry service operations increased due to the increased number of sailings.

Adjusted property EBITDAR at our Las Vegas Operating Properties decreased \$132.9 million as compared to the year ended December 31, 2008. The decrease was primarily due to a decrease in net revenues of \$234.7 million, partially offset by decreases in the associated operating expenses and a decrease of \$25.6 million in general and administrative expenses driven by our cost-cutting measures, of which \$10.8 million were payroll-related expenses.

Adjusted property EBITDAR at Four Seasons Macao and Sands Bethlehem do not have a comparable prior-year period. Results of the operations of Four Seasons Macao and Sands Bethlehem are as previously described.

Interest Expense

The following table summarizes information related to interest expense on long-term debt:

	Year Ended December 31,	
	2009	2008
	(Dollars in thousands)	
Interest cost (which includes the amortization of deferred financing costs and original issue discounts)	\$ 387,319	\$ 553,040
Less capitalized interest	(65,449)	(131,215)
Interest expense, net	\$ 321,870	\$ 421,825
Cash paid for interest	\$ 353,001	\$ 516,912
Weighted average total debt balance	\$ 10,994,928	\$ 9,081,135
Weighted average interest rate	3.5%	6.1%

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Interest cost decreased \$165.7 million as compared to the year ended December 31, 2008, resulting from a decrease in the weighted average interest rate, partially offset by an increase in our weighted average long-term debt balances. Capitalized interest decreased \$65.8 million as compared to the year ended December 31, 2008, primarily due to the suspension of our Cotai Strip developments, the completion of Four Seasons Macao and Sands Bethlehem, and the decrease in the weighted average interest rate.

Leasehold interest in land payments made in Macau and Singapore are not considered qualifying assets and as such, are not included in the base amount used to determine capitalized interest.

Other Factors Effecting Earnings

Other expense was \$9.9 million for the year ended December 31, 2009, as compared to other income of \$19.5 million for the year ended December 31, 2008. The expense during the year ended December 31, 2009, was primarily attributable to a decrease in the fair value of our interest rate cap agreements held in Singapore.

The loss on modification or early retirement of debt was \$23.2 million for the year ended December 31, 2009, as compared to \$9.1 million for the year ended December 31, 2008. During the year ended December 31, 2009, a \$17.1 million loss resulted from the early retirement of the \$600.0 million exchangeable bonds (see Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 8 Long-Term Debt Macau Related Debt Exchangeable Bonds) and a \$6.0 million loss resulted from the write-off of deferred financing costs related to a \$500.0 million required pay down of the Macau credit facility in connection with the SCL Offering (see Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 8 Long-Term Debt Macau Related Debt Macau Credit Facility).

Our effective income tax rate was a beneficial rate of 1.0% for the year ended December 31, 2009, as compared to a beneficial rate of 26.2% for the year ended December 31, 2008. The effective income tax rate for the year ended December 31, 2009, includes the recording of a valuation allowance on the net deferred tax assets of our U.S. operations and a zero percent tax rate from our Macau gaming operations due to our income tax exemption in Macau, which is set to expire in 2013. The non-deductible pre-opening expenses of foreign subsidiaries and the non-realizable net operating losses in the U.S. and foreign jurisdictions unfavorably impacted our effective income tax rate. Management does not anticipate recording an income tax benefit related to deferred tax assets generated by our U.S. operations; however, to the extent that the financial results of our U.S. operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will be able to reduce the valuation allowance through earnings.

Year Ended December 31, 2008 compared to the Year Ended December 31, 2007**Operating Revenues**

Our net revenues consisted of the following:

	Year Ended December 31,		
	2008	2007	Percent
	(Dollars in thousands)		Change
Casino	\$ 3,192,099	\$ 2,250,421	41.8%
Rooms	767,129	437,357	75.4%
Food and beverage	369,062	238,252	54.9%
Convention, retail and other	406,836	178,392	128.1%
	4,735,126	3,104,422	52.5%
Less promotional allowances	(345,180)	(153,855)	124.4%
Total net revenues	\$ 4,389,946	\$ 2,950,567	48.8%

Consolidated net revenues were \$4.39 billion for the year ended December 31, 2008, an increase of \$1.44 billion compared to \$2.95 billion for the year ended December 31, 2007. The increase in net revenues was due primarily to a full year of operations of The Venetian Macao, which opened in August 2007, and The Palazzo, which opened in

December 2007, and the opening of the Four Seasons Macao in August 2008.

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Casino revenues increased \$941.7 million as compared to the year ended December 31, 2007. Of the increase, \$1.06 billion was attributable to a full year of operations of The Venetian Macao and \$46.1 million was attributable to the opening of Four Seasons Macao, offset by a \$283.8 million decrease at Sands Macao due primarily to increased competition as compared to the year ended December 31, 2007. Casino revenues at our Las Vegas Operating Properties increased \$118.2 million driven by the opening of The Palazzo, offset by lower than expected table games volume and win percentage as compared to the year ended December 31, 2007. The following table summarizes the results of our casino activity:

	Year Ended December 31,		
	2008	2007	Change
(Dollars in thousands)			
Macau Operations:			
<i>The Venetian Macao</i>			
Total casino revenues	\$ 1,610,505	\$ 549,298	193.2%
Non-Rolling Chip drop	\$ 3,530,065	\$ 1,115,812	216.4%
Non-Rolling Chip win percentage	19.9%	17.3%	2.6pts
Rolling Chip volume	\$ 36,893,831	\$ 17,071,475	116.1%
Rolling Chip win percentage	2.97%	2.64%	0.33pts
Slot handle	\$ 1,941,895	\$ 490,068	296.2%
Slot hold percentage	8.0%	7.9%	0.1pts
<i>Sands Macao</i>			
Total casino revenues	\$ 1,013,063	\$ 1,296,869	(21.9)%
Non-Rolling Chip drop	\$ 2,626,877	\$ 3,525,609	(25.5)%
Non-Rolling Chip win percentage	18.9%	18.7%	0.2pts
Rolling Chip volume	\$ 25,182,225	\$ 26,325,271	(4.3)%
Rolling Chip win percentage	2.64%	2.97%	(0.33)pts
Slot handle	\$ 1,039,430	\$ 1,181,050	(12.0)%
Slot hold percentage	7.8%	6.9%	0.9pts
<i>Four Seasons Macao</i>			
Total casino revenues	\$ 46,094	\$	%
Non-Rolling Chip drop	\$ 99,849	\$	%
Non-Rolling Chip win percentage	21.1%	%	pts
Rolling Chip volume	\$ 630,088	\$	%
Rolling Chip win percentage	4.45%	%	pts
Slot handle	\$ 38,238	\$	%
Slot hold percentage	5.6%	%	pts
U.S. Operations:			
<i>Las Vegas Operating Properties</i>			
Total casino revenues	\$ 522,437	\$ 404,254	29.2%
Table games drop	\$ 1,846,394	\$ 1,359,004	35.9%
Table games win percentage	19.8%	22.1%	(2.3)pts
Slot handle	\$ 3,666,072	\$ 2,489,329	47.3%
Slot hold percentage	5.7%	6.0%	(0.3)pts

In our experience, average win percentages remain steady when measured over extended periods of time but can vary considerably within shorter time periods as a result of the statistical variances that are associated with games of chance in which large amounts are wagered.

Room revenues increased \$329.8 million as compared to the year ended December 31, 2007, due primarily to a full year of operations of The Venetian Macao and The Palazzo. The increase at our Las Vegas Operating Properties was offset by reduced ADR and occupancy rates that were negatively impacted by a reduction of room rates in order to

increase visitation to The Palazzo and excess suite inventory as the new resort ramps up its operations, respectively, and the overall decline in general economic conditions. Room revenues at Four Seasons Macao were negatively impacted by a low occupancy rate due to the slow ramp up of the property, offset by ADR of \$344 during the period ended December 31, 2008. The suites at Sands Macao are primarily provided to casino patrons on a complimentary basis and therefore revenues of \$27.1 million and \$11.6 million for the years ended December 31, 2008 and 2007, respectively, and related statistics have not been included in the following table, which summarizes the results of our room activity.

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	Year Ended December 31,		
	2008	2007	Change
	(Room revenues in thousands)		
Macau Operations:			
<i>The Venetian Macao</i>			
Total room revenues	\$ 200,594	\$ 63,378	216.5%
Average daily room rate	\$ 226	\$ 221	2.3%
Occupancy rate	85.3%	85.7%	(0.4)pts
Revenue per available room	\$ 193	\$ 190	1.6%
<i>Four Seasons Macao</i>			
Total room revenues	\$ 3,664	\$	%
Average daily room rate	\$ 344	\$	%
Occupancy rate	32.0%	%	pts
Revenue per available room	\$ 110	\$	%
U.S. Operations:			
<i>Las Vegas Operating Properties</i>			
Total room revenues	\$ 535,797	\$ 362,404	47.8%
Average daily room rate	\$ 232	\$ 258	(10.1)%
Occupancy rate	91.3%	98.4%	(7.1)pts
Revenue per available room	\$ 212	\$ 254	(16.5)%

Food and beverage revenues increased \$130.8 million as compared to the year ended December 31, 2007. The increase was primarily attributable to a full year of operations of The Venetian Macao, which increased \$44.0 million, and The Palazzo, which was the primary driver of the \$85.0 million increase at our Las Vegas Operating Properties, as well as several of our joint venture restaurants that opened in 2008.

Convention, retail and other revenues increased \$228.4 million as compared to the year ended December 31, 2007. The increase was primarily attributable to an increase of \$125.1 million at The Venetian Macao, which consisted primarily of a full year of rental revenues from the mall, \$52.1 million at our Las Vegas Operating Properties, driven primarily by a full year of operations of The Palazzo, and \$39.9 million in Other Asia, which consisted primarily of our passenger ferry service operations.

Operating Expenses

The breakdown of operating expenses is as follows:

	Year Ended December 31,		
	2008	2007	Percent Change
	(Dollars in thousands)		
Casino	\$ 2,214,235	\$ 1,435,662	54.2%
Rooms	154,615	94,219	64.1%
Food and beverage	186,551	118,273	57.7%
Convention, retail and other	213,351	97,689	118.4%
Provision for doubtful accounts	41,865	26,369	58.8%
General and administrative	550,529	319,357	72.4%
Corporate expense	104,355	94,514	10.4%
Rental expense	33,540	31,787	5.5%
Pre-opening expense	162,322	189,280	(14.2)%
Development expense	12,789	9,728	31.5%
Depreciation and amortization	506,986	202,557	150.3%
Impairment loss	37,568		%

Loss on disposal of assets	7,577	1,122	575.3%
Total operating expenses	\$ 4,226,283	\$ 2,620,557	61.3%

Operating expenses were \$4.23 billion for the year ended December 31, 2008, an increase of \$1.61 billion as compared to \$2.62 billion for the year ended December 31, 2007. The increase in operating expenses was primarily attributable to a full year of operations of The Venetian Macao and The Palazzo, the opening of Four Seasons Macao, growth of our operating businesses in Macau and Las Vegas, and depreciation and amortization costs, as more fully described below.

Casino expenses for increased \$778.6 million as compared to the year ended December 31, 2007. Of the increase, \$507.2 million was due to the 39.0% gross win tax on casino revenues of The Venetian Macao, offset by a \$112.5 million decrease in gross win tax at Sands Macao due to the decrease in casino revenues as noted above. An additional \$238.5 million increase in casino-related expenses (exclusive of the aforementioned 39.0% gross win tax) were attributable to The Venetian Macao, primarily related to payroll-related expenses and commissions paid under the Rolling Chip program. Casino expenses at our Las Vegas Operating Properties increased \$119.9 million primarily due to The Palazzo, consisting principally of payroll-related expenses and gaming-related taxes, and an increase in costs of providing promotional allowances.

Rooms expense increased \$60.4 million and food and beverage expense increased \$68.3 million as compared to the year ended December 31, 2007. These increases were primarily due to The Venetian Macao, The Palazzo and Four Seasons Macao.

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Convention, retail and other expense increased \$115.7 million as compared to the year ended December 31, 2007, of which \$37.8 million was attributable to The Venetian Macao, \$29.5 million was attributable to our Las Vegas Operating Properties and the remaining increase was primarily attributable to our passenger ferry service operations in Macau.

The provision for doubtful accounts was \$41.9 million for the year ended December 31, 2008, compared to \$26.4 million for the year ended December 31, 2007. The amount of this provision can vary over short periods of time because of factors specific to the customers who owe us money from gaming activities at any given time. We believe that the amount of our provision for doubtful accounts in the future will depend upon the state of the economy, our credit standards, our risk assessments and the judgment of our employees responsible for granting credit.

General and administrative expenses increased \$231.2 million as compared to the year ended December 31, 2007. The increase was primarily attributable to the growth of our operating businesses in Las Vegas, Macau and our Other Asia segment, with \$92.7 million of the increase being incurred at our Las Vegas Operating Properties, \$112.0 million being incurred at The Venetian Macao and \$15.1 million being incurred in Other Asia.

Pre-opening and development expenses were \$162.3 million and \$12.8 million, respectively, for the year ended December 31, 2008, as compared to \$189.3 million and \$9.7 million, respectively, for the year ended December 31, 2007. Pre-opening expense represents personnel and other costs incurred prior to the opening of new ventures, which are expensed as incurred. Pre-opening expenses for the year ended December 31, 2008, were primarily related to activities at Four Seasons Macao, our other Cotai Strip developments, Marina Bay Sands, Sands Bethlehem and St. Regis Residences. Development expenses include the costs associated with the Company's evaluation and pursuit of new business opportunities, which are also expensed as incurred. Development expenses for year ended December 31, 2008, were primarily related to our activities in Hengqin Island, Asia, Europe and the U.S.

Depreciation and amortization expense increased \$304.4 million as compared to the year ended December 31, 2007. The increase was primarily attributable to The Venetian Macao (totaling \$130.5 million), The Palazzo (totaling \$131.3 million) and the Four Seasons Macao (totaling \$16.4 million).

An impairment loss of \$37.6 million for the year ended December 31, 2008, primarily related to certain real estate and transportation assets that were previously utilized in connection with marketing activities in Asia.

Adjusted Property EBITDAR

Adjusted property EBITDAR is used by management as the primary measure of the operating performance of our segments. Adjusted property EBITDAR is net income (loss) attributable to Las Vegas Sands Corp. before interest, income taxes, depreciation and amortization, pre-opening expense, development expense, other income (expense), loss on modification or early retirement of debt, impairment loss, loss on disposal of assets, rental expense, corporate expense, stock-based compensation expense and net loss attributable to noncontrolling interests. The following table summarizes information related to our segments (see Item 8 Financial Statements and Supplementary Data Notes to Consolidated Financial Statements Note 17 Segment Information for discussion of our operating segments and a reconciliation of adjusted property EBITDAR to net income (loss) attributable to Las Vegas Sands Corp.):

	Year Ended December 31,		
	2008	2007	Percent Change
	(Dollars in thousands)		
Macau:			
The Venetian Macao	\$ 499,025	\$ 144,417	245.5%
Sands Macao	214,573	373,507	(42.6)%
Four Seasons Macao	7,567		%
Other Asia	(49,465)	(4,250)	(1,063.9)%
Las Vegas Operating Properties	392,139	361,076	8.6%
Total Adjusted Property EBITDAR	\$ 1,063,839	\$ 874,750	21.6%

Adjusted property EBITDAR at Sands Macao decreased \$158.9 million, as compared to the year ended December 31, 2007. As previously described, the decrease was primarily attributable to the decrease in casino revenues of \$283.8 million, offset by a \$112.5 million decrease in gross win tax on reduced casino revenues. As a result of increased competition, we expect the 2008 results for Sands Macao to be more representative of future results than prior periods.

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With the opening of The Palazzo, adjusted property EBITDAR at our Las Vegas Operating Properties increased \$31.1 million, as compared to the year ended December 31, 2007. This increase was primarily attributable to an increase of \$350.9 million in net revenue, offset by an increase of \$165.8 million in payroll-related expenses, increases in operating expenses associated with the increase in the related revenue categories and an increase in general and administrative expenses to support the growth of our Las Vegas Operating Properties.

Adjusted property EBITDAR at The Venetian Macao, Four Seasons Macao and our Other Asia segments do not have comparable prior-year periods. Results of the operations of these segments are as previously described. Our Other Asia segment is composed primarily of our passenger ferry service between Macau and Hong Kong, which initiated evening sailings and increased its frequency of sailings during peak hours in June 2008.

Interest Expense

The following table summarizes information related to interest expense on long-term debt:

	Year Ended December 31,	
	2008	2007
	(Dollars in thousands)	
Interest cost (which includes the amortization of deferred financing costs and original issue discounts)	\$ 553,040	\$ 468,056
Less capitalized interest	(131,215)	(223,248)
Interest expense, net	\$ 421,825	\$ 244,808
Cash paid for interest	\$ 516,912	\$ 438,301
Weighted average total debt balance	\$ 9,081,135	\$ 6,148,835
Weighted average interest rate	6.1%	7.6%

Interest cost increased \$85.0 million as compared to the year ended December 31, 2007, resulting from the substantial increase in our weighted average long-term debt balances, the proceeds from which were primarily used to fund our various development projects, partially offset by a decrease in interest rates. See [Liquidity and Capital Resources](#) for further detail of our financing activities. Capitalized interest decreased \$92.0 million as compared to the year ended December 31, 2007, due primarily to the openings of The Venetian Macao and The Palazzo in 2007 and the Four Seasons Macao in August 2008. Capitalized interest is expected to decrease in 2009 as we have discontinued capitalizing interest on our recently suspended projects. Leasehold interest in land payments made in Macau and Singapore are not considered qualifying assets and as such, are not included in the base amount used to determine capitalized interest.

Other Factors Effecting Earnings

Interest income for the year ended December 31, 2008, was \$19.8 million, a decrease of \$52.7 million as compared to \$72.5 million for the year ended December 31, 2007. The decrease was attributable to a reduction of invested cash balances during the year, primarily from our borrowings under the U.S. senior secured credit facility and the Macau credit facility, which was spent on construction-related activities, as well as a decrease in interest rates.

Other income for the year ended December 31, 2008 was \$19.5 million compared to other expense of \$8.7 million for the year ended December 31, 2007. The other income and other expense amounts were primarily attributable to foreign exchange gains and losses associated with U.S. denominated debt held in Macau, and the change in the fair value of our Singapore interest rate caps entered into in 2008.

The loss on early retirement of debt of \$9.1 million for the year ended December 31, 2008, was due to the conversion of the \$475.0 million Convertible Senior Notes to shares of common stock and the refinancing of the Singapore bridge facility.

Our effective tax rate for the year ended December 31, 2008, is a beneficial rate of 26.2%. The effective tax rate benefit for the year reflects a pre-tax book loss in the U.S., which has a statutory rate of 35%, and a zero tax rate from the income tax exemption on our Macau gaming operations, which is set to expire in 2013. The non-deductible pre-opening expenses in foreign subsidiaries and the non-realizable net operating losses in foreign jurisdictions

unfavorably impacted the rate. The effective tax rate for the year ended December 31, 2007, was 15.6% and was primarily attributable to the aforementioned Macau income tax exemption. The effective tax rate changed primarily due to the pre-tax domestic loss for the year ended December 31, 2008, and the pre-tax foreign income for the year ended December 31, 2007.