

STATION CASINOS INC  
Form 10-Q/A  
August 11, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q/A  
Amendment No. 1**

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

**For the quarterly period ended March 31, 2008**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 000-21640**

**STATION CASINOS, INC.**

(Exact name of registrant as specified in its charter)

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

**88-0136443**  
(IRS Employer  
Identification No.)

**1505 South Pavilion Center Drive, Las Vegas, Nevada**  
(Address of principal executive offices)

**89135**  
(Zip Code)

**(702) 495-3000**  
(Registrant's telephone number, including area code)

**N/A**

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(Former name, former address and former fiscal year, if changed since last report)

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
		(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 Exchange Act). Yes  No

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

As of April 30, 2008, there were 41.7 shares outstanding of the registrant's voting common stock, \$0.01 par value and 41,674,838 shares outstanding of the registrant's non-voting common stock, \$0.01 par value.

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**Explanatory Note**

The registrant filed with the Securities and Exchange Commission (the "SEC") a Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 on May 12, 2008 (the "Originally Filed Form 10-Q"). The registrant is filing this Amendment No. 1 on Form 10-Q/A to amend and restate the following from Part I of the Originally Filed Form 10-Q:

Item 1. "Financial Statements";

Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and

Item 3. "Quantitative and Qualitative Disclosures about Market Risk".

We are amending and restating the Originally Filed Form 10-Q to recognize the acquisition of an interest rate swap, with an approximate fair value of \$42.7 million, associated with \$1.36 billion of the Company's CMBS Loans, from Fertitta Colony Partners and eliminate the hedge accounting treatment related to such interest rate swap.

In addition, as required by Rule 12b-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), new certifications by our principal executive officer and principal financial officer are being filed or furnished as exhibits to this Amendment No. 1 on Form 10-Q/A under Item 6 of Part II hereof.

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## Part I. Financial Information

## Item 1. Financial Statements

## STATION CASINOS, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share data)

	Successor	
	March 31, 2008	December 31, 2007
	(unaudited) (As Restated See Note 14)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 84,426	\$ 96,392
Restricted cash	13,413	966
Receivables, net	51,087	48,680
Inventories	11,991	12,496
Prepaid gaming tax	20,266	21,541
Prepaid expenses	16,846	14,472
<b>Total current assets</b>	<b>198,029</b>	<b>194,547</b>
Property and equipment, net	3,061,612	3,072,361
Goodwill	2,964,821	2,964,938
Intangible assets, net	983,138	1,002,617
Land held for development	1,023,148	1,007,322
Investments in joint ventures	304,397	391,953
Native American development costs	194,635	200,667
Other assets, net	154,799	154,261
<b>Total assets</b>	<b>\$ 8,884,579</b>	<b>\$ 8,988,666</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 6,287	\$ 2,610
Accounts payable	18,229	16,954
Construction contracts payable	13,422	23,151
Accrued expenses and other current liabilities	130,498	178,018
<b>Total current liabilities</b>	<b>168,436</b>	<b>220,733</b>
Long-term debt, less current portion	5,267,933	5,168,539
Deferred income tax, net	758,561	789,644
Other long-term liabilities, net	197,893	138,688
Due to unconsolidated affiliate		100,000
<b>Total liabilities</b>	<b>6,392,823</b>	<b>6,417,604</b>
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$0.01; authorized 10,000 shares; 41.7 shares issued		
Non-voting common stock, par value \$0.01; authorized 100,000,000 shares; 41,674,838 shares issued	417	417
Additional paid-in capital	2,923,190	2,920,526
Accumulated other comprehensive loss	(23,087)	(11,981)

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Accumulated deficit	(408,764)	(337,900)
Total stockholders' equity	2,491,756	2,571,062
Total liabilities and stockholders' equity	\$ 8,884,579	\$ 8,988,666

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

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STATION CASINOS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands)

(unaudited)

	Successor Three Months Ended March 31, 2008 (As Restated See Note 14)	Predecessor Three Months Ended March 31, 2007
Operating revenues:		
Casino	\$ 249,442	\$ 264,695
Food and beverage	60,965	61,563
Room	30,300	30,748
Other	19,327	17,428
Management fees	18,746	24,828
Gross revenues	378,780	399,262
Promotional allowances	(26,463)	(26,824)
Net revenues	352,317	372,438
Operating costs and expenses:		
Casino	95,771	95,300
Food and beverage	41,686	43,062
Room	10,363	9,416
Other	7,316	6,227
Selling, general and administrative	63,551	61,928
Corporate	12,049	21,310
Development	727	1,029
Depreciation and amortization	57,239	40,222
Loss (gain) on asset disposals, net	64	(46)
Preopening	2,130	1,234
Lease termination	1,500	
	292,396	279,682
Operating income	59,921	92,756
Earnings from joint ventures	8,526	11,527
Operating income and earnings from joint ventures	68,447	104,283
Other expense:		
Interest expense, net	(97,346)	(56,530)
Interest and other expense from joint ventures	(9,254)	(5,909)
Change in fair value of derivative instruments	(58,432)	
	(165,032)	(62,439)
(Loss) income before income taxes	(96,585)	41,844
Income tax benefit (provision)	25,721	(18,794)

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Net (loss) income	\$ (70,864)	\$ 23,050
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The accompanying notes are an integral part of these condensed consolidated financial statements.



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STATION CASINOS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	<b>Successor Three Months Ended March 31, 2008 (As Restated See Note 14)</b>	<b>Predecessor Three Months Ended March 31, 2007</b>
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (70,864)	\$ 23,050
<b>Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:</b>		
Depreciation and amortization	57,239	40,222
Change in fair value of derivative instruments	58,432	
Amortization of debt discount and issuance costs	9,425	1,275
Share-based compensation	3,441	5,685
Loss (earnings) from joint ventures	728	(5,618)
Distributions of earnings from joint ventures		81,233
Excess tax benefit from exercise of stock options		(1,182)
<b>Changes in assets and liabilities:</b>		
Restricted cash	(12,447)	
Receivables, net	(2,407)	(627)
Inventories and prepaid expenses	(594)	(2,200)
Deferred income tax	(25,992)	2,113
Accounts payable	1,275	(2,552)
Accrued expenses and other current liabilities	(39,561)	(15,850)
Other, net	(80)	5,308
<b>Total adjustments</b>	<b>49,459</b>	<b>107,807</b>
<b>Net cash (used in) provided by operating activities</b>	<b>(21,405)</b>	<b>130,857</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(35,206)	(137,983)
Proceeds from sale of land, property and equipment	1,352	81
Investments in joint ventures, net	(35,031)	(15,571)
Distributions in excess of earnings from joint ventures	792	104,824
Construction contracts payable	(9,729)	17,426
Native American development costs	(3,131)	(7,745)
Other, net	(1,597)	(4,763)
<b>Net cash used in investing activities</b>	<b>(82,550)</b>	<b>(43,731)</b>
<b>Cash flows from financing activities:</b>		
Payments under Revolver with maturity dates less than three months, net	(102,100)	
Proceeds from the issuance of Land Loan	200,000	
Debt issuance costs	(5,253)	(7)
Payments under previous revolving facility with maturity dates less than three months, net		(171,400)
Proceeds from issuance of related party promissory note		100,000
Purchase of treasury stock		(1,944)
Payment of dividends		(16,470)
Exercise of stock options		539
Excess tax benefit from exercise of stock options		1,182

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Other, net	(658)	(20)
Net cash provided by (used in) financing activities	91,989	(88,120)