

STATION CASINOS INC
Form 10-K/A
April 30, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

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

(Mark
One)

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

for the fiscal year ended December 31, 2008

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 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
(I.R.S. Employer Identification No.)

1505 South Pavilion Center Drive, Las Vegas, Nevada 89135

(Address of principal executive offices, Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, \$0.01 par value**

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

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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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 the Form 10-K.

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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting
company)

Smaller reporting company

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

The aggregate market value of the voting common stock held by non-affiliates (all other persons other than executive officers or directors) of the registrant as of June 30, 2008 was \$0. There is no established public trading market for the common stock of the registrant.

As of January 31, 2009, there were 41.7 shares outstanding of the registrant's voting common stock and 41,674,838 shares outstanding of the registrant's non-voting common stock. The issued and outstanding equity securities of the registrant are not publicly traded and are all owned by FCP Holding, Inc., Fertitta Partners LLC and FCP VoteCo LLC.

Documents Incorporated by Reference

None.

EXPLANATORY NOTE

The registrant filed with the Securities and Exchange Commission (the "SEC") an Annual Report on Form 10-K for the year ended December 31, 2008 ("Form 10-K") on March 31, 2009, pursuant to which it incorporated by reference the information required by Part III thereof as an amendment to such Form 10-K to be subsequently filed with the SEC. Accordingly, Part III, Items 10 through 14, on the Form 10-K are hereby amended along with the cover page. In addition, as required by Rule 12b-15 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-K/A under Item 15 hereof.

No attempt has been made in this Amendment No. 1 on Form 10-K/A to modify or update the other disclosures presented in the Form 10-K. This Amendment No. 1 on Form 10-K/A does not reflect events occurring after the filing of the Form 10-K or modify or update those disclosures. Accordingly, this Amendment No. 1 on Form 10-K/A should be read in conjunction with the Form 10-K and our other filings with the SEC.

PART III

MERGER

On November 7, 2007, the Company completed its merger (the "Merger") with FCP Acquisition Sub, a Nevada corporation ("Merger Sub"), pursuant to which Merger Sub merged with and into the Company with the Company continuing as the surviving corporation. The Merger was completed pursuant to the Agreement and Plan of Merger, dated as of February 23, 2007 and amended as of May 4, 2007, among the Company, Fertitta Colony Partners LLC, a Nevada limited liability company ("FCP"), and Merger Sub.

As a result of the Merger, approximately 24.1% of the issued and outstanding shares of non-voting common stock of the Company are owned by Fertitta Partners LLC, a Nevada limited liability company ("Fertitta Partners"), which is owned by affiliates of Frank J. Fertitta III, Chairman and Chief Executive Officer of Station, affiliates of Lorenzo J. Fertitta, Vice Chairman and President of Station, affiliates of Blake L. Sartini and Delise F. Sartini, and certain officers and other members of management of the Company. The remaining 75.9% of the issued and outstanding shares of non-voting common stock of the Company are owned by FCP Holding, Inc., a Nevada corporation ("FCP HoldCo") and a wholly-owned subsidiary of FCP. FCP is owned by an affiliate of Colony Capital, LLC ("Colony") and affiliates of Frank J. Fertitta III and Lorenzo J. Fertitta. Substantially simultaneously with the consummation of the Merger, all of the shares of voting common stock of Station were issued for nominal consideration to FCP VoteCo LLC, a Nevada limited liability company ("FCP VoteCo"), which is owned by Frank J. Fertitta III, Lorenzo J. Fertitta and Thomas J. Barrack, Jr., Chairman and Chief Executive Officer of Colony.

At the effective time of the Merger, each outstanding share of the Company's common stock, including any rights associated therewith (other than shares of the Company's common stock owned by FCP, Merger Sub, FCP HoldCo, Fertitta Partners or any wholly-owned subsidiary of the Company or shares of common stock held in treasury by the Company) was cancelled and converted into the right to receive \$90.00 in cash, without interest. As a result of the Merger and the related transactions, all of the shares of capital stock are owned by FCP HoldCo, Fertitta Partners and FCP VoteCo. The Company's common stock ceased trading on the New York Stock Exchange at market close on November 7, 2007, and is no longer listed on any exchange or quotation system. The Company's voting common stock is registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

DIRECTORS AND EXECUTIVE OFFICERS

The Company's Amended and Restated Bylaws require that the number of directors on the Board of Directors be not less than one nor more than ten. Currently, the Board of Directors has fixed the number of directors at five. All directors hold their positions until their terms expire and until their respective successors are elected and qualified. Executive officers are elected by and serve at the discretion of the Board of Directors.

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The following table sets forth the directors and executive officers of the Company as of March 31, 2009 and provides their respective ages and positions with the Company.

Name	Age	Position
Frank J. Fertitta III (*)	47	Chairman of the Board, Chief Executive Officer and President
Thomas M. Friel	45	Executive Vice President, Chief Accounting Officer and Treasurer
Richard J. Haskins	45	Executive Vice President, General Counsel and Secretary
Kevin L. Kelley (**)	51	Executive Vice President and Chief Operating Officer
Scott M Nielson	51	Executive Vice President and Chief Development Officer
Lorenzo J. Fertitta (*)	40	Vice Chairman of the Board
Thomas J. Barrack, Jr.	61	Director
Jonathan H. Grunzweig	45	Director
James E. Nave, D.V.M.	64	Director

(*) Frank J. Fertitta III and Lorenzo J. Fertitta are brothers.

(**) Kevin L. Kelley is Frank J. Fertitta III's brother-in-law.

Set forth below is a description of the backgrounds, including business experience, for each of our directors and executive officers as of December 31, 2008.

Frank J. Fertitta III. Mr. Fertitta has served as Chairman of the Board of the Company since February 1993, Chief Executive Officer since July 1992 and President since July 2008. Mr. Fertitta also served as President of the Company from 1989 until July 2000. He has held senior management positions since 1985, when he was named General Manager of Palace Station. He was elected a director of the Company in 1986, at which time he was also appointed Executive Vice President and Chief Operating Officer. Mr. Fertitta is a co-owner of Zuffa, LLC which is the parent company of the Ultimate Fighting Championship.

Thomas M. Friel. Mr. Friel was appointed Executive Vice President, Chief Accounting Officer and Treasurer of the Company in March 2007. He served as Vice President of Finance and Corporate Controller from July 1999 to March 2007. Mr. Friel is a Certified Public Accountant. He is a member of the Board of Directors of Big Brothers and Big Sisters of Southern Nevada.

Richard J. Haskins. Mr. Haskins was appointed Executive Vice President and Secretary of the Company in July 2004 and has served as General Counsel of the Company since April 2002. He previously served as Assistant Secretary from September 2003 to July 2004, as Vice President and Associate General Counsel from November 1998 to March 2002 and as General Counsel of Midwest Operations from November 1995 to October 1998. Mr. Haskins is a member of the American Bar Association, Kansas Bar Association, Missouri Bar Association and Nevada Bar Association.

Kevin L. Kelley. Mr. Kelley became Executive Vice President and Chief Operating Officer of the Company on January 7, 2008. He was previously employed as Senior Vice President for Las Vegas Sands Corp. From January 2003 to May 2006, he served as President and Chief Operating Officer of Hard Rock Hotel, Inc. Prior to joining Hard Rock Hotel, Inc., Mr. Kelley served the Company in various capacities from August 1993 to January 2003, most recently as President of Westside Operations, where he oversaw all operations of the Company's five west side properties.

Scott M Nielson. Mr. Nielson was appointed Chief Development Officer of the Company in July 2004 and has been an Executive Vice President of the Company since June 1994. He served as Chief Legal Officer from March 2002 to July 2004 and General Counsel from 1991 to March 2002. In 1992, he was appointed Secretary of the Company and served in that position until July 2004. From 1991 through June 1994, he served as Vice President of the Company. From 1986 to 1991, Mr. Nielson was in private

legal practice as a partner in the Las Vegas firm of Schreck, Jones, Bernhard, Woloson & Godfrey (now Brownstein Hyatt Farber Schreck, LLP), where he specialized in gaming law and land use planning and zoning. Mr. Nielson is a member of the American Bar Association, the Nevada Bar Association and the International Association of Gaming Attorneys.

Lorenzo J. Fertitta. Mr. Fertitta was appointed Vice Chairman of the Board of the Company in December 2003 and has served as a director since 1991. Mr. Fertitta also served as President of the Company from July 2000 until June 30, 2008. Mr. Fertitta is a co-owner of Zuffa, LLC which is the parent company of the Ultimate Fighting Championship and has served as its chairman and chief executive officer since June 2008. From 1991 to 1993, he served as Vice President of the Company. Mr. Fertitta served as President and Chief Executive Officer of Fertitta Enterprises, Inc. from June 1993 to July 2000, where he was responsible for managing an investment portfolio consisting of marketable securities and real property. Mr. Fertitta is currently a member of the Board of Directors of the Nevada Resort Association. Mr. Fertitta served as a director of the American Gaming Association from December 2005 to May 2008 and as a commissioner on the Nevada State Athletic Commission from November 1996 until July 2000.

Thomas J. Barrack, Jr. Mr. Barrack was appointed to the Board of Directors in connection with the Merger on November 7, 2007. Mr. Barrack is the Founder, Chairman and Chief Executive Officer of Colony Capital, LLC. Colony Capital, LLC is the sole managing member of Colony Capital Acquisitions, LLC. During the past five years, Mr. Barrack has, in such positions, provided overall strategic and investment direction and leadership to Colony Capital, LLC and its affiliates.

Jonathan H. Grunzweig. Mr. Grunzweig was appointed to the Board of Directors on December 19, 2007. He is currently a member of the Audit Committee. Mr. Grunzweig is a Principal and the Chief Investment Officer of Colony Capital, LLC. Prior to joining Colony Capital, LLC in 1999, Mr. Grunzweig was a Partner with the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, where he specialized in corporate finance and mergers and acquisitions. Mr. Grunzweig also served as General Counsel for Colony Capital, LLC's global investment program for a period of time prior to a two-year relocation to London for Colony Capital, LLC.

James E. Nave, D.V.M. Dr. Nave was appointed to the Board of Directors on December 19, 2007. Dr. Nave had served as a director of the Company from March 2001 until November 7, 2007 at which time he voluntarily resigned from the Board of Directors upon the consummation of the Merger. During that period, he was the Chairman of the Audit Committee and served on the Governance and Compensation Committee. He is currently a member of the Audit Committee. Dr. Nave has been an owner of the Tropicana Animal Hospital since 1974 and has been the owner and manager of multiple veterinary hospitals since 1976. Dr. Nave has also served on the Board of Directors of Bank West of Nevada since 1994, where he also serves as Chairman of the Site Committee. Dr. Nave has served on the Board of Directors of Western Alliance Bancorporation since 2003, where he also serves as a member of the Audit and Compensation Committees. Dr. Nave is also the Globalization Liaison Agent for Education and Licensing for the American Veterinary Medical Association and was the Chairperson of the National Commission for Veterinary Economics Issues from 2001 through July 2007. In addition, Dr. Nave is a member and past President of the Nevada Veterinary Medical Association, the Western Veterinary Conference and the American Veterinary Medical Association. He is also a member of the Clark County Veterinary Medical Association, the National Academy of Practitioners, the American Animal Hospital Association and the Executive Board of the World Veterinary Association. Dr. Nave was a member of the University of Missouri, College of Veterinary Medicine Development Committee from 1984 to 1992. He was also a member of the Nevada State Athletic Commission from 1988 to 1999 and served as its chairman from 1989 to 1992 and from 1994 to 1996.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's executive officers and directors who own more than 10% of the Company's common stock to file reports of ownerships on Forms 3, 4 and 5 with the Securities and Exchange Commission (the "SEC"). Executive officers, directors and 10% stockholders are required by the SEC to furnish the Company with copies of all Forms 3, 4 and 5 they file. No such reports were required to be filed during 2008.

CODE OF ETHICS

The Company has adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to all of its directors, officers (including its principal executive officer and principal financial officer) and employees. The Code of Ethics and any waivers or amendments to the Code of Ethics are available on the Company's website at www.stationcasinos.com. Printed copies are also available to any person without charge, upon request directed to the Company's Corporate Secretary, 1505 South Pavilion Center Drive, Las Vegas, Nevada 89135.

AUDIT COMMITTEE FINANCIAL EXPERT

The Board of Directors has a separately designated standing Audit Committee, which is composed of Dr. James E. Nave, D.V.M. and Jonathan H. Grunzweig. In light of the absence of a public trading market for our common stock, our Board has not designated any member of the Audit Committee as an "audit committee financial expert." We believe that Dr. Nave would be considered an independent director (as independence is defined in Section 303A.02 of the listing standards of the New York Stock Exchange (the "NYSE"), the national securities exchange upon which our common stock was listed prior to the Merger). However, we believe that Mr. Grunzweig would not be considered an independent director under such standards because of his relationship with Colony Capital, LLC and certain of its affiliates which hold significant interests in FCP and FCP VoteCo, which own 74.1% of our outstanding shares of non-voting common stock and 100% of our outstanding shares of voting common stock, respectively.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This section provides an overview and analysis of our compensation program and policies and the material compensation decisions we have made under those programs and policies. This section also discusses the material elements of the compensation of each of the executive officers as of December 31, 2008 identified below, whom we refer to as our "Named Executive Officers":

Frank J. Fertitta III, Chairman of the Board, Chief Executive Officer and President;

Lorenzo J. Fertitta, Vice Chairman of the Board and former President;

Thomas M. Friel, Executive Vice President, Chief Accounting Officer and Treasurer;

Richard J. Haskins, Executive Vice President, General Counsel and Secretary;

Kevin L. Kelley, Executive Vice President, Chief Operating Officer; and

Scott M. Nielson, Executive Vice President and Chief Development Officer.

This section is intended to help you understand the detailed information provided in the compensation tables and related disclosures set forth below and to help you put that information into context within our overall compensation program.

Compensation Philosophy and Objectives

The Company believes that it is necessary to establish compensation programs and related opportunities that are designed to attract and retain those individuals needed to successfully implement the Company's strategy and motivate individuals with a long-term vision for the Company. These programs and opportunities have to be balanced with the cost to the Company and its stakeholders. In order to arrive at a proper balance, the Company has established the following compensation philosophy and guidelines:

employment agreements determine the salary which provides the basic level of compensation for performing the job expected of the Named Executive Officers;

cash bonus awards are used as an incentive for attainment of the Company's financial performance in a particular period;

long-term stay-on performance incentive agreements are used in order to promote our long-term objectives; and

equity awards are used to provide a long-term incentive and align the interests of our executives with those of our stakeholders.

Our primary objectives in setting compensation policies are to develop a program designed to attract and retain those individuals needed to successfully implement the Company's strategy and to reward them relative to the Company's performance. We set compensation policies to promote profitable growth and to retain highly talented, motivated individuals with a long-term vision for the Company and we also seek to align the financial interest of the Company's executives with that of our stakeholders. To achieve this goal, we believe that a significant portion of the Company's executives' compensation should be "at risk" and tied to the achievement of annual and long-term corporate performance criteria.

The Company's executive compensation program is designed to achieve the following objectives:

attract and motivate experienced executives in light of the competitive realities of our industry;

retain talented individuals;

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align our compensation strategy with our business objectives, including enhancing stakeholder value; and

support a culture of strong performance by rewarding employees for results.

These objectives underlie our compensation philosophy and all compensation-related decisions.

Each element of our compensation is intended to generally match, in cost and type, the corresponding component offered to executives in similar positions in similar organizations. Each of the elements of the Company's compensation and benefit programs are discussed and illustrated below. Unless otherwise stated, all elements are accrued as an expense and are deductible to the Company as compensation expense.

Compensation Program Design

The executive compensation program is designed with our executive compensation objectives in mind and is comprised of various cash and equity compensation methods over a short-term and long-term payment structure in order to recognize and reward executives for their contributions to the Company today and in the future.

There is some variation in the overall mix of compensation paid directly to each Named Executive Officer. In order to determine the proper allocation and value, we use benchmarks to provide guidance. In order to establish the benchmarks, each year we identify a group of casino and gaming companies (the "Peer Companies") that we believe are the Company's competition for executive level employees. For the year ended December 31, 2008, the Peer Companies consisted of Harrah's Entertainment Inc., MGM Mirage, Boyd Gaming Corp., Las Vegas Sands Corp., Penn National Gaming Inc., Trump Entertainment Resorts, Inc. and Wynn Resorts Ltd.

The Board of Directors met in January of 2008 to review the Named Executive Officers' base salaries and target bonuses for 2008, which are set forth in their respective employment agreements. No bonus payments were paid to the Named Executive Officers for 2007 with respect to the performance of the Company. This timing corresponded with the Board of Directors annual performance review of our Chief Executive Officer and the other senior executives of the Company and also enabled us to consider the Company's performance during 2007, as well as our expectations for 2008.

Steps taken by the Board of Directors in shaping and maintaining the Company's compensation philosophy include:

reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer and the other executive officers;

evaluating the performance of the Chief Executive Officer and the other executive officers in light of these goals and objectives;

setting the compensation of the Chief Executive Officer and the other executive officers based on such evaluation; and

reviewing the level and type of perquisites and other personal benefits provided to the Chief Executive Officer and other executive officers, taking into account their levels of salary and other compensation, the value of similar benefits provided at comparable companies and the value of such benefits given to such officers in past years.

Roles of Management in Compensation Decisions

Executive officers and other management play a significant role in the compensation-setting process. The Chief Executive Officer annually reviews the performance of our senior executives and, based on these reviews, recommends compensation for all senior executives, other than his own. The Board of Directors,

however, has the discretion to modify the Chief Executive Officer's recommendations and make the final decisions regarding material compensation to senior executives, including base salary, annual bonuses and equity awards. The Company's senior executives typically are invited to attend meetings of the Board of Directors, from time to time, except when their own compensation is being discussed or determined.

Role of Outside Consultants in Establishing Compensation

The Company engages the services of independent legal counsel, consultants and subject matter experts in order to analyze, review and recommend actions with regard to director compensation, executive officer compensation or general compensation and plan provisions, and appropriate funding is provided by the Company for any such services. We retain a nationally recognized human resources consulting firm, Towers Perrin, to assist with the design, implementation and communication of our compensation program. We will continue to engage external consultants for the purposes of determining the Chief Executive Officer's and other senior executive officers' compensation.

The Company utilizes outside consultants, such as Towers Perrin, to facilitate gathering data regarding our Peer Companies from published executive compensation surveys and proxy statements filed with the SEC and to review the external competitiveness of the Company's executive compensation program. Data compiled by Towers Perrin regarding the Peer Companies is used to benchmark senior executive compensation, including base salary, bonus and long-term incentive pay. Due to the highly competitive nature of the gaming industry, the Company targets the higher end of the Peer Companies' compensation practices in order to attract and retain the most talented executives.

Elements of Compensation Program

The Company's executive compensation program consists of the following components: base salary, senior executive annual bonus plan, long-term incentives (including equity awards and participation in long-term stay-on incentive plans), retirement and other benefits and perquisites.

The Company targets overall compensation levels competitive with our Peer Companies. The various components of executive compensation reflect the following elements:

Base Salary

As part of our strategy to attract and retain high quality executive employees, we have established a policy to pay executive base salaries based on competitive base salaries paid by the Peer Companies, with the Company's salaries being at or near the high end of the range. Actual salaries are determined based upon an assessment of the individual's contribution and value to the organization and the competitive market for that position. The annual base salary for each Named Executive Officer is set forth in his employment agreement with the Company. Base salaries are reviewed annually and may be adjusted (for increase but not for decrease) based on an evaluation of the executive's performance in conjunction with a review of compensation received by individuals holding similar positions at the Peer Companies.

Adjustments in base salary may be attributable to any of the following factors:

merit increases as a reward for meeting or exceeding objectives;

market increases as a result of a competitive market analysis or in coordination with a long-term plan to pay a position at a more competitive level;

promotional increases as a result of increased responsibilities associated with a change in position or organizational change; and/or

retention increases as a result of senior executives being recruited by or offered a position by another competitor.

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The amount of a Named Executive Officer's base salary is the reference point for determining the other elements of his compensation package. For example, the relative range of potential annual incentive awards to each Named Executive Officer is based on a percentage of such Named Executive Officer's base salary. In addition, base salary is a component of the contribution formula under the Company's retirement plans and is the key component in determining change-in-control-related payments under the Named Executive Officers' employment agreements.

Effective November 7, 2007, the base salaries under their respective employment agreements were \$2,500,000 for Frank J. Fertitta III, \$500,000 for Mr. Friel, \$660,000 for Mr. Haskins and \$960,000 for Mr. Nielson. Effective January 1, 2008, the Named Executive Officers voluntarily reduced their annual base salary by 10%. As a result, the current base salaries for the Named Executive Officers are as follows: \$2,250,000 for Frank J. Fertitta III, \$450,000 for Mr. Friel, \$594,000 for Mr. Haskins and \$864,000 for Mr. Nielson. Mr. Kelley was appointed Executive Vice President and Chief Operating Officer effective January 7, 2008 with a base salary of \$1,000,000. In accordance with Frank J. Fertitta's employment agreement he was entitled to receive an increase in his base salary to \$2,750,000 effective November 7, 2008, which he postponed.

Senior Executive Annual Bonus Plan

The Senior Executive Annual Bonus Plan was approved by the Company's stockholders in 2004 to provide participating executive officers incentive compensation, through additional cash or equity, for their significant contributions toward improved profitability and growth of the Company as determined by the achievement of pre-established performance goals. The Senior Executive Annual Bonus Plan was designed to ensure that annual incentive awards paid to participating executive officers would be fully taxable as performance-based compensation, as defined by the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended. Each year, the Board of Directors approves which executive officers will participate in the Senior Executive Annual Bonus Plan prior to, or at the time of, the establishment of the Company's performance goals for the year. In 2008, each of the Named Executive Officers was a participant in the Senior Executive Annual Bonus Plan.

The purpose of the Senior Executive Annual Bonus Plan is to focus each executive on the attainment of financial objectives that we believe are primary determinants of the Company's performance over time. Each year specific goals based on objectives contained in the Senior Executive Annual Bonus Plan are approved by the Board of Directors. For 2008, a specific goal based on earnings before interest, taxes, depreciation and amortization ("EBITDA") was approved by the Board of Directors under the Senior Executive Annual Bonus Plan. The amount of the target award was determined by comparison of actual EBITDA versus the Company's EBITDA goal. The actual award may vary from zero to 233% of each Named Executive Officer's base salary; provided, however, that Frank J. Fertitta III is eligible to receive a minimum annual bonus pursuant to the terms of his respective employment agreement. The Board of Directors has retained the ability to award a discretionary bonus.

For 2008, the Board of Directors set an EBITDA goal of \$609 million for the Named Executive Officers. If this goal was reached, the Chief Executive Officer would have received a target bonus of 200% of his base salary and the other Named Executive Officers would have received 100% of their base salary. The Board of Directors has determined that the Named Executive Officers will not receive their target bonuses for 2008 as described above, as the EBITDA goal set by the Board of Directors was not reached and as a result, no payments were earned in 2008 under the Senior Executive Annual Bonus Plan.

Stock-Based Compensation

Prior to the Merger, the Company provided stock-based incentives to its executives. We attempted to pay a considerable portion of such executives' total compensation in stock in order to give the executives a long-term stake in the business and to align executives' interests with those of the Company's former

stockholders. These grants of stock options and restricted stock awards served to align the executive's interests with the former stockholders' interests as the size of the executive's reward was dependent upon the Company's stock performance. Grants made to the Company's executives were based on the grant values for similar positions among the Peer Companies, with the Company's grant values being at or near the high end of the range. Awards were generally granted with either 10% or 20% of the award vesting on each anniversary from the date of grant until fully vested.

There were no restricted stock grants made in 2007. For retention purposes, 2006 long-term equity grants to Named Executive Officers were all in the form of restricted stock awards which were to vest at a rate of 10% per year over a ten-year period. The grant award structure was proposed by senior management and approved by the Governance and Compensation Committee. The size of the 2006 restricted stock awards to our Named Executive Officers was determined in accordance with the Company's compensation philosophy and objectives, as well as the practices of our Peer Companies. In 2007 until the Merger was completed on November 7, 2007, the Named Executive Officers received quarterly dividends on their unvested restricted stock awards on the same basis as all stockholders of the Company and as all other employees holding unvested restricted stock awards.

Upon consummation of the Merger, each share of Station restricted stock vested and was cancelled and converted into the right to receive \$90.00 in cash, without interest. Each Named Executive Officer received a cash payment in an amount equal to the numbers of shares of restricted stock held by such officer multiplied by \$90.00 per share, less any applicable payroll withholding taxes. In addition, each stock option outstanding under Station's stock plans was cancelled and extinguished at the effective time of the Merger, and each Named Executive Officer holding such a stock option was entitled to receive an amount in cash equal to the product of (i) the number of shares of Station common stock subject to such stock option and (ii) the excess, if any, of \$90.00 over the exercise price per share of such stock option, without interest and less any applicable payroll withholding taxes.

Equity-Based Compensation

Following the Merger, long-term incentive compensation is now provided to senior management in the form of non-voting limited liability company membership interests in FCP and Fertitta Partners pursuant to the Second Amended and Restated Operating Agreement of FCP and the Amended and Restated Operating Agreement of Fertitta Partners, respectively (collectively "the Operating Agreements"). The Operating Agreements allow certain officers and members of management of the Company to participate in the long-term growth and financial success of the Company through indirect ownership of Class B Units and direct ownership of Class C Units in FCP and Fertitta Partners. The purpose is to promote the Company's long-term growth and profitability by aligning the interests of the Company's management with the interests of the owners of the Company and by encouraging retention. Upon the consummation of the Merger, each Named Executive Officer (with the exception of Mr. Kelley) or, in certain cases, a family trust that benefits only the Named Executive Officer and specified family members, was awarded indirect interests in Class B Units of each of FCP and Fertitta Partners. In addition, each Named Executive Officer (with the exception of Messrs. Frank J. Fertitta III, Lorenzo J. Fertitta and Mr. Kelley) or, in certain cases, a family trust that benefits only the Named Executive Officer and specified family members, was awarded Class C Units in each of FCP and Fertitta Partners upon consummation of the Merger.

During the year ended December 31, 2008, indirect interests in Class B Units, of each of FCP and Fertitta Partners, that were previously issued upon consummation of the Merger were transferred to certain officers and management of the Company. During the year ended December 31, 2008, additional Class C Units in each of FCP and Fertitta Partners were issued to certain management of the Company. Pursuant to Mr. Kelley's employment agreement, he was awarded indirect interests in Class B Units of each FCP and Fertitta Partners and Class C Units in each of FCP and Fertitta Partners. See "Grants of Plan-Based Awards in 2008" set forth herein for additional details regarding these grants.

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The Class B Units represent fifteen percent (15%) of the total outstanding Class A Units and Class B Units (pro forma for the issuance of the Class A Units and Class B Units) of FCP and Fertitta Partners, respectively. The Class C Units may be issued from time to time by each of FCP and Fertitta Partners to members of Station's management and may represent in the aggregate up to five percent (5%) of the outstanding Class A Units and Class B Units of FCP and Fertitta Partners, respectively. The indirect interests in the Class B Units held by Named Executive Officers (other than Frank J. Fertitta III and Lorenzo J. Fertitta) and the Class C Units shall vest ratably over the first five (5) anniversaries following the date of grant. The indirect interests in Class B Units issued to Frank J. Fertitta III and Lorenzo J. Fertitta vested immediately upon grant.

The Class C Units include call and put rights, such that under certain circumstances, within ninety days after termination of the Class C Unit holder's employment with the Company, FCP and Fertitta Partners can call the Class C Units and the employee that holds the Class C Units can put the Class C Units back to FCP and Fertitta Partners.

As holders of Class B Units and Class C Units in FCP and Fertitta Partners, the Named Executive Officers are entitled to certain distributions, which are made *first* pro rata to holders of the Class A Units until such holders have received distributions in an amount per unit equal to \$90.00 (the "Initial Cost Basis"), *second* pro rata to the holders of Class B Units until such members have received distributions in an amount per Unit equal to the Initial Cost Basis, and thereafter to all respective holders of Class A Units, Class B Units and Class C Units in proportion to their respective percentage interests.

Long-Term Stay-On Performance Incentive Plan

The Company has also entered into long-term stay-on performance incentive agreements with certain Named Executive Officers, which are intended to assist the Company in attracting, retaining and motivating these Named Executive Officers through the use of compensation that rewards long-term performance. The Company provides executive officers with long-term cash-based incentive awards in order to promote our long-term objectives and motivate eligible employees to achieve critical operating and financial objectives and to produce positive returns for the Company, as well as our retention objectives.

Mr. Friel entered into a Long-Term Stay-On Performance Incentive Agreement dated June 1, 2004, whereby the Company will pay him \$125,000 in cash on each of June 1, 2006, 2008, 2010 and 2012, provided that he will have been continuously employed with the Company through those respective dates. Mr. Haskins entered into a Long-Term Stay-On Performance Incentive Agreement dated April 1, 2002, whereby the Company will pay him \$125,000 in cash on each of April 1, 2003, 2005, 2007 and 2009, provided that he will have been continuously employed with the Company through those respective dates.

Perquisites and Other Personal Benefits

We provide each of our Named Executive Officers with perquisites and other personal benefits such as access to the Company's airplane, club memberships, tax planning advice, retirement benefits and life and disability insurance. In addition, Frank J. Fertitta III and Lorenzo J. Fertitta were provided with personal security services. Mr. Kelley was also entitled, under his employment agreement, to receive reimbursement for all reasonable out-of-pocket expenses incurred by him in relocating from Macao Special Administrative Region to Las Vegas, Nevada. When determining which perquisites and other personal benefits to provide to our Named Executive Officers, we take into account the levels of salary and other compensation given to the Chief Executive Officer and other Named Executive Officers and the value of such benefits given to such officers in past years. We do not view perquisites as a significant element of our comprehensive compensation structure; however, we believe that they can serve, along with other forms of compensation, to attract and retain talented individuals.

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We offer a number of health and welfare and retirement programs to all eligible employees. All of our Named Executive Officers are eligible to participate in our employee benefit plans, including medical, dental, life insurance and 401(k) plans. The Named Executive Officers that are employed by the Company also receive group health insurance coverage through the Company's Exec-U-Care Medical Plan, while under the Company's group life insurance program, they are eligible for supplemental life insurance in the following amounts: not less than \$70.0 million aggregate coverage for Frank J. Fertitta III, \$4.0 million for Mr. Friel, \$4.0 million for Mr. Haskins, \$4.0 million for Mr. Kelley and \$7.5 million for Mr. Nielson.

In addition to the standard group long-term disability benefit, each Named Executive Officer that is employed by the Company is eligible to participate in the Special Long-Term Disability Plan, which is a Company-paid individual long-term disability insurance policy paying an additional monthly benefit equal to a combined monthly benefit amount of 66% of the average of base salary plus bonus for the two plan years immediately preceding (but not including) the plan year in which the participant's employment is terminated due to disability divided by twelve; provided, however, that the monthly benefit will be reduced by any benefit the participant receives from all other disability plans sponsored by the Company, if any. Benefits begin on the first day of the second month succeeding the month in which the participant's termination of employment due to disability occurs. The Board of Directors chooses those individuals that are eligible to participate in the plan from key executives nominated by the Chief Executive Officer. As of December 31, 2008, only Mr. Nielson was a participant in the plan. The Board of Directors may, in its sole discretion, terminate the participation of any participant prior to the disability of such participant.

During 2008, Frank J. Fertitta III was eligible to participate in the Supplemental Executive Retirement Plan (the "SERP"), while the other Named Executive Officers were eligible to participate in the Supplemental Management Retirement Plan (the "SMRP"). Each Named Executive Officer was also eligible to participate in the Deferred Compensation Plan For Executives (the "DCPE") and the Deferred Compensation Plan For Management (the "DCPM"). These plans are described in more detail under the Discussion of Pension Benefits Table.

Tax and Accounting Considerations

The Company takes into consideration tax and accounting implications in the design of its compensation programs. In the selection of long-term incentives, we review the projected expense amounts and expense timing associated with alternative types of awards. We also calculate and monitor the Statement of Financial Accounting Standard ("SFAS") 123R, "Share-Based Payment" accounting expense related to equity-based compensation. To date, the SFAS 123R expense has not been a significant factor in setting or changing equity compensation grant practices.

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), prevents publicly traded companies from receiving a tax deduction on compensation paid to the Named Executive Officers in excess of \$1 million in any taxable year, effective for compensation paid after 1993. We are not subject to the provisions of Section 162(m) as we are currently not a publicly traded company. We may, in the future, become subject to Section 162(m). While we are mindful of the provisions of Section 162(m), we have the discretion to grant non-deductible compensation to Named Executive Officers, depending upon the circumstances. We believe that in certain circumstances, achieving our compensation objectives set forth above might be more important than the benefit of tax deductibility under Section 162(m).

Sections 280G and 4999 of the Code limit our ability to take a tax deduction for certain "excess parachute payments" (as defined in Sections 280G and 4999) and impose excise taxes on each executive that receives "excess parachute payments" in connection with his or her severance from our company in connection with a change of control. We consider the adverse tax liabilities imposed by Sections 280G and 4999, as well as other competitive factors, when we structure certain post-termination compensation payable to our Named Executive Officers. The potential adverse tax consequences to us and/or the Named Executive Officers, however, are not necessarily determinative factors in such decisions. Our agreements

with our Named Executive Officers relating to their employment require us to make a gross-up payment to compensate them for any excise taxes that they incur as a result of these provisions.

Stock Ownership Guidelines

Because our stock is owned by only FCP, Fertitta Partners and FCP VoteCo, we do not have a policy of stock ownership requirements for our Named Executive Officers or directors.

Employment Agreements

The employment agreements for the Named Executive Officers contain provisions that we consider appropriate for executives at the respective level while providing the Company with the necessary protections. The employment agreements are described in more detail in the sections entitled "Summary Compensation Table Discussion of Summary Compensation Table and Grants of Plan-Based Awards in 2008 Table" and "Potential Payments Upon Termination of Employment or Change of Control" below. In connection with the consummation of the Merger, we entered into new employment agreements with each of our Named Executive Officers (with the exception of Mr. Kelley which was entered into on December 14, 2007).

COMPENSATION COMMITTEE REPORT

Subsequent to the Merger, we no longer have a separate compensation committee. We, as the Board of Directors, have reviewed and discussed the forgoing Compensation Discussion and Analysis with management. Based on this review and discussion with management, we have recommended that the Compensation Discussion and Analysis be included in this Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 2008.

Respectfully Submitted,
Frank J. Fertitta III
Lorenzo J. Fertitta
Thomas J. Barrack, Jr.
Jonathan H. Grunzweig
James E. Nave, D.V.M.

SUMMARY COMPENSATION TABLE

The following table sets forth information regarding compensation for our Named Executive Officers for services rendered to the Company in all capacities during the years ended December 31, 2008, 2007 and 2006.

Name and Principal Position	Year	Salary \$(a)	Bonus \$(b)	Stock Awards \$(c)	Option Awards \$(c)	Non-Equity Incentive Plan Compensation \$(d)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(e)	All Other Compensation \$(f)	Total (\$)
Current Officers:									
Frank J. Fertitta III Chairman of the Board, Chief Executive Officer and President	2008	2,250,000							3,378,231
	2007	2,287,500		180,430,957				1,128,231	185,503,562
	2006	2,156,250		4,931,019	519,050	2,250,000	1,598,080	1,187,025	11,992,113
Thomas M. Friel Executive Vice President, Chief Accounting Officer and Treasurer	2008	450,000		1,584,513		125,000	25,108	35,250	2,219,871
	2007	466,250	200,000	2,588,265			58,892	71,005	3,384,412
Richard J. Haskins Executive Vice President, General Counsel and Secretary	2008	594,000		2,822,603				36,855	3,453,458
	2007	660,000		11,864,357	13,706	125,000	138,682	3,569,499	16,371,244
Kevin L. Kelley Executive Vice President and Chief Operating Officer	2008	1,000,000	500,000	2,376,314			250,180	158,967	4,285,461