

STATION CASINOS INC  
Form DEFC14A  
April 18, 2005  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## SCHEDULE 14A INFORMATION

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

## STATION CASINOS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a 6(i)(4) and 0-11.
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**STATION CASINOS, INC.**

**2411 West Sahara Avenue  
Las Vegas, Nevada  
(702) 367-2411**

ANNUAL MEETING OF STOCKHOLDERS  
May 18, 2005

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Station Casinos, Inc. to be held on May 18, 2005, at Green Valley Ranch Station Casino, 2300 Paseo Verde, Henderson, Nevada at 10:00 a.m. local time. Your Board of Directors and management look forward to greeting personally those stockholders able to attend.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the meeting including: the election of two directors to serve for a three year term; approval of the Company's 2005 Stock Compensation Program; and ratification of the appointment of the Company's independent auditors. In addition, a dissident union stockholder, UNITE HERE, an affiliate of the Culinary Workers Union Local 226, has informed your Board that it intends to solicit proxies for three non-binding stockholder proposals at the meeting. The Board urges you to reject the union's self-serving solicitation. Please discard any proxy card the union may send to you.

**YOUR VOTE IS IMPORTANT**

Your vote is important regardless of the number of shares you own. We urge you to sign, date and mail the Company's white proxy card as soon as possible even if you currently plan to attend the annual meeting. This will not prevent you from voting in person but will assure that your vote is counted if you are unable to attend the meeting. To make certain that your vote is cast on all matters before the meeting, please be certain only to vote the Company's white card or the Company's form of proxy sent to you by your bank or broker.

You are assured that your Board of Directors will continue to act in the best interest of all Company Stockholders.

Thank you for your continued interest and support.

Sincerely,  
Frank J. Fertitta III  
*Chairman of the Board and Chief Executive Officer*

**IMPORTANT**

**YOUR VOTE IS IMPORTANT. PLEASE SIGN, DATE AND MAIL YOUR WHITE PROXY CARD AT YOUR EARLIEST CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. STOCKHOLDERS WITH QUESTIONS OR REQUIRING ASSISTANCE MAY CALL D. F. KING & CO., INC., WHICH IS ASSISTING YOUR COMPANY, TOLL-FREE AT 1-888-887-0082.**

STATION CASINOS, INC.

2411 West Sahara Avenue

Las Vegas, Nevada 89102

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NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

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The accompanying proxy is solicited by the board of directors (the Board of Directors ) of Station Casinos, Inc., (the Company ) to be used at the Annual Meeting of Stockholders on May 18, 2005 (the Annual Meeting ) to be held at 10:00 a.m. local time at Green Valley Ranch Station Casino, 2300 Paseo Verde, Henderson, Nevada. This Proxy Statement and the enclosed form of proxy are being sent to stockholders on or about April 19, 2005.

At the Annual Meeting, stockholders will be asked to consider and vote upon the following matters:

ITEM I The election of two directors to serve until the 2008 Annual Meeting.

ITEM II Approval of the Company s 2005 Stock Compensation Program.

ITEM III A proposal to ratify the appointment of Ernst & Young LLP as the Company s independent auditors for 2005.

ITEM IV A stockholder proposal from a single stockholder, UNITE HERE, an affiliate of the Culinary Workers Union Local 226, which is a labor union that is attempting to organize our employees (the Union ), to urge the Board to lower the voting requirements to amend the Company s Restated Bylaws from the current supermajority to a simple majority.

ITEM V A stockholder proposal from the Union to urge the Board to declassify the Board of Directors and institute annual election of directors.

ITEM VI A stockholder proposal from the Union to urge the Board to submit the Company s Rights Agreement to stockholders for approval.

Any stockholder giving a proxy may revoke it at any time prior to its exercise at the Annual Meeting by giving notice of such revocation either personally or in writing to the Secretary of the Company at the Company s executive offices, by subsequently executing and delivering another proxy or by voting in person at the Annual Meeting.

Your Board of Directors believes that the election of its director nominees, the approval of the Company s 2005 Stock Compensation Program and the ratification of Ernst & Young LLP as the Company s independent auditors for 2005 are in the best interests of the Company and its stockholders. **Therefore, your Board of Directors unanimously recommends voting FOR each of the proposals contained in items I, II and III.**

The Board of Directors believes that lowering the voting requirement to amend the Company s Restated Bylaws from the current supermajority to a simple majority, that declassifying the Board of Directors and that submitting the Company s Rights Agreement to stockholders for approval are not in the best interest of the Company and its stockholders. **Therefore, your Board of Directors unanimously recommends voting AGAINST each of the Union s proposals contained in items IV, V and VI.**

## VOTING

Shares represented by duly executed and unrevoked proxies in the form of the enclosed white proxy card received by the Board of Directors will be voted at the Annual Meeting in accordance with the specifications made therein by the stockholders, unless authority to do so is withheld. If no specification is made, shares represented by duly executed and unrevoked proxies in the form of the enclosed white proxy card will be voted **FOR** the election as directors of the nominees listed herein, **FOR** the approval of the Company's 2005 Stock Compensation Program, **FOR** the ratification of Ernst & Young LLP as the Company's independent auditors for 2005, **AGAINST** the Union stockholder proposal urging the Board to amend the Company's Restated Bylaws from the current supermajority to a simple majority, **AGAINST** the Union stockholder proposal urging the Board to declassify the Board of Directors, **AGAINST** the Union stockholder proposal urging the Board to submit the Company's Rights Agreement to stockholders for approval and, in the discretion of the persons voting the respective proxies with respect to any other matter that may properly come before the Annual Meeting.

The cost of preparing, assembling and mailing of proxy materials will be borne by the Company. Directors, executive officers and other employees may also solicit proxies but without receiving special compensation. Brokerage houses, nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners and will be reimbursed for their reasonable out-of-pocket expenses incurred in sending proxy materials to beneficial owners. The Company has retained D. F. King & Co., Inc. to assist in the solicitation of proxies for an estimated fee of \$100,000, plus reimbursement of certain out-of-pocket expenses.

Only holders of record at the close of business on March 24, 2005 (the Record Date) of the Company's common stock, \$0.01 par value, will be entitled to vote at the Annual Meeting. On the Record Date, there were 67,737,543 shares of common stock outstanding. Each share of common stock is entitled to one vote on all matters presented at the Annual Meeting.

### Vote Required

The election of the director nominees (Item I) requires a plurality of the votes cast in person or by proxy at the Annual Meeting. Each of approval of the Company's 2005 Stock Compensation Program (Item II), approval of the proposal to ratify Ernst & Young LLP as the Company's independent auditors for 2005 (Item III) and approval of the three stockholder proposals (Items IV, V and VI) requires the affirmative vote of holders of a majority of the voting power represented in person or by proxy and entitled to vote at the Annual Meeting. Under Nevada law and the Company's Restated Bylaws (the Bylaws), shares as to which a stockholder abstains or withholds from voting and shares as to which a broker indicates that it does not have discretionary authority to vote (broker non-votes) will have the same legal effect as a vote against a proposal; however, such shares will have no effect on the election of directors.

If your shares are held in the name of a broker, only your broker can execute a proxy and vote your shares and only after receiving your specific instructions on proposals as to which it does not have discretionary authority. PLEASE SIGN, DATE AND PROMPTLY MAIL THE WHITE PROXY CARD (OR VOTING INSTRUCTION FORM) IN THE ENVELOPE PROVIDED BY YOUR BROKER OR ITS AGENT. Remember, your shares cannot be voted unless you return a signed and executed proxy card (or Voting Instruction Form) to your broker on proposals as to which it does not have discretionary authority. However, please be advised that broker non-votes with respect to any matter to be voted on at the Annual Meeting will not be voted but will be counted as present to determine whether there is a quorum for voting purposes on such matters at the Annual Meeting and will have the same legal effect as a vote against the proposals other than the proposal for the election of directors. Broker non-votes occur when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular proposal and

has not received instructions from the beneficial owner. Under applicable rules of conduct, brokers do not have discretionary authority over any proposal to be presented at the Annual Meeting when the matter to be voted upon is being opposed by management, subject to a contest or pursuant to applicable NYSE rules.

The stockholders of the Company have no dissenters or appraisal rights in connection with any of the items to be voted upon at the meeting.

## ITEM I

### NOMINEES FOR ELECTION OF DIRECTORS

The Articles and Bylaws require that the number of directors on the Board of Directors be not less than three (3) nor more than fifteen (15). Currently, the Board of Directors has fixed the number of directors at six (6). The Board of Directors presently consists of the following persons: Frank J. Fertitta III, Lorenzo J. Fertitta, Lowell H. Lebermann, Jr., James E. Nave D.V.M., Lee S. Isgur and Robert E. Lewis. Mr. Lewis was nominated on May 19, 2004 by the members of the Board of Directors to fill the vacancy created by the resignation of Lynette Boggs McDonald on March 30, 2004. Mr. Lewis's nomination was recommended by the Company's management and approved by the Governance and Compensation Committee and the Board of Directors. On December 1, 2004, Blake L. Sartini resigned from the Board of Directors. The Board of Directors is divided into three classes. Class I consists of Lowell H. Lebermann, Jr. and Robert E. Lewis whose terms expire in 2006. Class II consists of Lorenzo J. Fertitta and James E. Nave, D.V.M., whose terms expire in 2007. Class III consists of Frank J. Fertitta III and Lee S. Isgur, whose terms expire in 2005. At each annual meeting, the terms of one class of directors expire. Each director nominee is elected to the Board of Directors for a term of three years.

At the Annual Meeting, two directors are to be elected to serve until the 2008 Annual Meeting and until their successors are elected and qualified. Unless authority to vote for directors is withheld in the proxy card, it is the intention of the persons named in the enclosed form of proxy to vote **FOR** the election of the two nominees listed below. The persons designated as proxies will have discretion to cast votes for other persons in the event any nominee for director is unable to serve. At present, it is not anticipated that any nominee will be unable to serve.

The names and certain information concerning the persons to be nominated as directors by the Board of Directors at the Annual Meeting are set forth below. **THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEES LISTED BELOW.**

**Frank J. Fertitta III.** Mr. Fertitta has served as Chairman of the Board of the Company since February 1993 and Chief Executive Officer since July 1992. 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.

**Lee S. Isgur.** Mr. Isgur has served as a director of the Company since December 2003 and serves on the Audit and Governance and Compensation Committees. Mr. Isgur has been the Managing Partner of Corporate Counselors, a research and investment banking consulting firm, since 1997 and has served on the board of directors of eDiets since 1999, where he chairs the Audit and Compensation Committees. From 1994 to 1997, Mr. Isgur was a Managing Director of Jefferies & Company, an investment banking firm. Prior to that, he was a partner at Volpe Welty & Company, a research and investment banking firm.

**DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth the directors and executive officers of the Company. 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.

Name	Age	Position
Frank J. Fertitta III(*)	43	Chairman of the Board and Chief Executive Officer
Lorenzo J. Fertitta(*)	36	Vice Chairman of the Board and President
Glenn C. Christenson	55	Executive Vice President, Chief Financial Officer, Chief Administrative Officer and Treasurer
William W. Warner	40	Executive Vice President and Chief Operating Officer
Scott M Nielson	47	Executive Vice President and Chief Development Officer
Richard J. Haskins	41	Executive Vice President, General Counsel and Secretary
Lee S. Isgur	67	Director
Lowell H. Lebermann, Jr	65	Director
Robert E. Lewis	59	Director
James E. Nave, D.V.M.	60	Director

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

Set forth below are the Class I and Class II directors whose terms do not expire this year together with non-director executive officers of the Company, along with certain information regarding these individuals.

**Lorenzo J. Fertitta.** Mr. Fertitta was appointed Vice Chairman of the Board of the Company in December 2003. Mr. Fertitta has served as President of the Company since July 2000 and has served as a director since 1991. 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. From 1991 to 1993, he served as Vice President of the Company. Mr. Fertitta currently serves as Chairman of the Nevada Resort Association and serves as a director of the American Gaming Association. Mr. Fertitta served as a commissioner on the Nevada State Athletic Commission from November 1996 until July 2000.

**Lowell H. Lebermann, Jr.** Mr. Lebermann has served as a director of the Company since October 1993 and is Chairman of the Governance and Compensation Committee and serves on the Audit Committee. He is Chairman of Centex Beverage, Inc., a wholesale distributor of Miller beer and imported beverages. He is a director of Patton Medical, Inc. and DoggettData, Inc., of Austin, Texas. He is a former director of Valero Energy Corporation, San Antonio and of Franklin Federal Bancorp, Austin (acquired by Norwest) and founding member of the board of directors of the Texas Workers Compensation Fund. From 1993 to 1999, he was a member of the Board of Regents of The University of Texas System. He was a Council Member on the Austin City Council from 1971 to 1977.

**Robert E. Lewis.** Mr. Lewis has served as a director of the Company since May 2004 and serves on the Audit and Governance and Compensation Committees. Mr. Lewis has served as president of the Nevada Division of Lewis Operating Corp. since December 1999. Mr. Lewis became the president of the Nevada Region of Kaufman and Broad Home Corporation upon the merger of Lewis Homes Management Corp. and Kaufman and Broad Home Corporation in January 1999. He served in that capacity until December 1999. Prior to the merger, Mr. Lewis ran the Nevada operation of the Lewis Homes group of companies and its affiliates for 25 years. He has served as a director for the National Association of Home Builders and as a director and President of the Southern Nevada Home Builders Association. Mr. Lewis is also on the Executive Committee and served as Secretary and Legislative Chairman for the Nevada Development Authority, he is a Past Chairman of the Las Vegas District Council of the Urban Land Institute and serves on the Clark County Community Growth Task Force.





**James E. Nave, D.V.M.** Dr. Nave has served as a director of the Company since March 2001, is chairman of the Audit Committee and serves on the Governance and Compensation 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 Chairman of the Investment Committee and as a member of the Audit Committee. Dr. Nave is also the Globalization Liaison Agent for Education and Licensing for the American Veterinary Medical Association and is Chairperson of the National Commission for Veterinary Economics Issues. 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.

**Glenn C. Christenson.** Mr. Christenson was appointed Chief Administrative Officer in March 1997 and has served as Executive Vice President of the Company since February 1994. From 1989 to 1993, he served as Vice President of the Company. He has served as Chief Financial Officer since 1989, as Treasurer since 1992 and as a director of the Company from 1993 to December 2003. Mr. Christenson is a Certified Public Accountant. From 1983 to 1989, he was a partner of the international accounting firm of Deloitte Haskins & Sells (now Deloitte & Touche), where he served as partner-in-charge of audit services for the Nevada practice and National Audit partner for the Hospitality Industry. Mr. Christenson has served on the board of directors of the Nevada Resort Association and was Chairman of the Nevada Resort Association's IRS Liaison Committee. He currently serves as a director of Nevada Community Bank and is a member of its Audit Committee. He is a member of the Board of Trustees of the Nevada Development Authority and is a member of the board of directors for the Nevada State College Foundation Board, the National Center for Responsible Gaming and the Problem Gambling Center.

**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 Schreck Brignone), 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.

**William W. Warner.** Mr. Warner was appointed Chief Operating Officer of the Company in July 2004 and has been an Executive Vice President of the Company since March 2002. He served as Chief Development Officer from March 2002 to July 2004, Vice President of Finance of the Company from January 1996 to March 2002 and Director of Finance from August 1993 to January 1996.

**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. From 1990 to October 1995, Mr. Haskins was in private legal practice, most recently as a partner in the Kansas City, Missouri law firm of Rose Brouillette & Shapiro P. C.



Mr. Haskins is a member of the American Bar Association, the Kansas Bar Association, the Missouri Bar Association and the Nevada Bar Association.

#### **Meetings of the Board of Directors**

The Board of Directors met 12 times during 2004. The Board of Directors has a standing Audit Committee and Governance and Compensation Committee. Each committee is comprised solely of independent directors. None of the members of the Board of Directors attended less than 75% of the meetings of the Board of Directors held, or of the total number of meetings held by all committees of the Board of Directors on which various members served during 2004. On December 1, 2004, Blake L. Sartini resigned as a member of the Board of Directors. The current members of each of the Board of Directors' committees are listed below.

All of the members of the Board of Directors were in attendance at the 2004 annual stockholders' meeting, which included Frank J. Fertitta III, Lorenzo J. Fertitta, Dr. James E. Nave, Lowell H. Lebermann and Lee S. Isgur. It is the Company's policy that all members of the Board of Directors are expected to attend the annual stockholders' meeting.

#### **Director Independence**

The Board of Directors has determined that each of Messrs. Lebermann, Nave, Isgur and Lewis are independent directors (as independence is defined in Sections 303.01 (B)(2)(a) and 3 of the New York Stock Exchange ( NYSE ) Listing Standards). As part of its analysis, the Board of Directors determined that none of Messrs. Lebermann, Nave, Isgur or Lewis has a direct or indirect material relationship with the Company.

#### **Executive Sessions of Non-Management Directors**

In order to promote open discussion among the non-management directors, the Board of Directors intends to schedule executive sessions, at least four times each year, in which those directors meet without management participation. The Chairman of each executive session will rotate between the chairpersons of the Company's Audit Committee and Governance and Compensation Committee, depending upon the primary subject matter of the meeting. During 2004, the non-management directors met 6 times without management participation following Audit Committee or Compensation and Governance Committee meetings.

#### **The Audit Committee**

The Board of Directors has a separately designated standing Audit Committee that was established in accordance with Section 3(a) (58) (A) of the Securities Exchange Act of 1934. The current members of the Audit Committee are James E. Nave, D.V.M., Chairman, Lowell H. Lebermann, Jr., Lee S. Isgur and Robert E. Lewis. Ms. Boggs McDonald served as a member of the Audit Committee prior to her resignation from the Board of Directors in March 2004. During 2004, the Audit Committee met 9 times.

The Audit Committee, comprised solely of independent directors (as independence is defined in Sections 303.01(B)(2)(a) and (3) of the NYSE listing standards), meets periodically with the Company's independent auditors, management, internal auditors and legal counsel to discuss accounting principles, financial and accounting controls, the scope of the annual audit, internal controls, regulatory compliance and other matters. The Audit Committee also advises the Board of Directors on matters related to accounting and auditing and selects the Company's independent auditors. The independent auditors and the internal auditors have complete access to the Audit Committee without management present to discuss results of their audit and their opinions on adequacy of internal controls, quality of financial reporting and other accounting and auditing matters. The responsibilities of the Audit Committee are outlined in a

written charter, which is available on the Company's website at [www.stationcasinos.com](http://www.stationcasinos.com). Printed copies are also available upon request directed to the Company's Corporate Secretary.

#### **Audit Committee Financial Expert**

The Board of Directors has determined that all Audit Committee members are financially literate under the current listing standards of the NYSE. The Board of Directors also determined that Lee S. Isgur qualifies as an audit committee financial expert as defined by the Securities and Exchange Commission rules adopted pursuant to the Sarbanes-Oxley Act of 2002.

#### **The Governance and Compensation Committee**

In April 2004, the Board of Directors changed the name of the Human Resources Committee to the Governance and Compensation Committee and expanded the responsibilities of the Committee to include matters relating to the nomination of directors and corporate governance policies in addition to compensation matters. The current members of the Governance and Compensation Committee are Lowell H. Lebermann, Jr., Chairman, James E. Nave, D.V.M., Lee S. Isgur and Robert E. Lewis. Ms. Boggs McDonald served as a member of the Governance and Compensation Committee prior to her resignation from the Board of Directors in March 2004.

The Governance and Compensation Committee, currently comprised solely of independent directors (as independence is defined in Sections 303.01(B)(2)(a) and (3) of the NYSE listing standards), reviews and takes action regarding terms of compensation, employment contracts and pension matters that concern officers and key employees of the Company. The Governance and Compensation Committee also reviews and takes action regarding grants of stock options and restricted shares to employees. The Governance and Compensation Committee is also responsible for matters concerning the nomination of directors and corporate governance policies. The Governance and Compensation Committee also evaluates and recommends candidates for election as directors, makes recommendations concerning the size and composition of the Board of Directors, implements the Company's corporate governance policies and assesses the effectiveness of the Board of Directors. The Governance and Compensation Committee met 17 times during 2004. The responsibilities of the Governance and Compensation Committee are outlined in a written charter, which is available on the Company's website at [www.stationcasinos.com](http://www.stationcasinos.com). Printed copies are also available upon request directed to the Company's Corporate Secretary.

In evaluating and determining whether to nominate a candidate for a position on the Company's Board of Directors, the Committee will consider the criteria outlined in the Company's corporate governance policy, which include high professional ethics and values, relevant management experience and a commitment to enhancing stockholder value. In evaluating candidates for nomination, the Committee utilizes a variety of methods. The Company regularly assesses the size of the Board of Directors, whether any vacancies are expected due to retirement or otherwise, and the need for particular expertise on the Board of Directors. Candidates may come to the attention of the Committee from current Board of Directors members, stockholders, professional search firms, officers or other persons. The Committee will review all candidates in the same manner regardless of the source of the recommendation. The Committee will consider stockholder recommendations of candidates when the recommendations are properly submitted. Any stockholder recommendations which are submitted under the criteria summarized above should include the candidate's name and qualifications for Board of Directors membership, which must be

submitted no later than ninety (90) days prior to the anniversary of the prior annual meeting and should be addressed to:

Corporate Secretary  
Station Casinos, Inc.  
2411 West Sahara Avenue  
Las Vegas, Nevada 89102

The notice must include all of the information required by the Bylaws, including but not limited to the candidate's name, age, business address, residence address, principal occupation or employment, the number of shares of the Company's common stock beneficially owned by the candidate and information that would be required to solicit a proxy under federal securities law.

#### **Compensation of Directors**

Directors who are not directly or indirectly affiliated with the Company receive a monthly fee of \$4,167, a fee of \$1,500 for each board meeting attended, \$1,500 for each committee meeting attended and the committee chairman receives an additional \$1,000 for each committee meeting attended. Such directors are granted 7,500 shares of restricted stock upon their nomination to the Board of Directors and are granted an additional 5,000 shares of restricted stock annually. All of the restricted stock grants made to such directors vest equally over five years. All directors are reimbursed for expenses connected with attendance at meetings of the Board of Directors. All directors are eligible to participate in the Stock Compensation Program. See "Stock Compensation Program" as described hereinafter.

#### **Governance and Compensation Committee Interlocks and Insider Participation**

The current members of the Governance and Compensation Committee are Lowell H. Lebermann, Jr., Chairman, James E. Nave, D.V.M., Lee S. Isgur and Robert E. Lewis. Ms. Boggs McDonald served as a member of the Governance and Compensation Committee prior to her resignation from the Board of Directors in March 2004. Each person is an independent director (as independence is defined in Sections 303.01(B)(2)(a) and (3) of the NYSE listing standards) of the Company.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company's executive officers and directors and persons who own more than 10% of the Company's common stock to file reports of ownership on Forms 3, 4 and 5 with the Commission. Executive officers, directors and 10% stockholders are required by the Commission to furnish the Company with copies of all Forms 3, 4 and 5 they file.

Based solely on the Company's review of the copies of such forms it has received, the Company believes that all of its executive officers, directors and greater than 10% beneficial owners complied with all of the filing requirements applicable to them with respect to transactions during 2004, with the exception of one Form 4 transaction for each of Messrs. Lebermann, Nave, Isgur and Lewis in which grants of restricted shares on December 8, 2004 were not reported until February 14, 2005 on their respective Form 5's.

#### **Legal Proceedings Involving Directors, Officers, Affiliates or Beneficial Owners**

No director, officer, affiliate or beneficial owner of the Company, or any associate thereof, is a party adverse to the Company or any of its subsidiaries in any lawsuit nor has a material adverse interest to the Company.

**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 chief executive officer and chief 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](http://www.stationcasinos.com). Printed copies are also available upon request directed to the Company's Corporate Secretary.

**Corporate Governance Guidelines**

The Company has adopted Corporate Governance Guidelines that are available on its website at [www.stationcasinos.com](http://www.stationcasinos.com). Printed copies are also available upon request directed to the Company's Corporate Secretary.

**Stockholder Communications with Directors**

Stockholders may communicate with the Board of Directors, including the non-management directors, by sending a letter to the Station Casinos, Inc. Board of Directors c/o Corporate Secretary, 2411 W. Sahara Ave, Las Vegas, Nevada 89102. The Corporate Secretary has the authority to disregard any inappropriate communications or to take other actions with respect to any such inappropriate communications. If deemed an appropriate communication, the Corporate Secretary will submit the correspondence to the Chairman of the Board or to any specific director to whom the correspondence is directed.

**PRINCIPAL STOCKHOLDERS OF THE COMPANY**

The following table sets forth, as of February 28, 2005, certain information regarding the shares of common stock beneficially owned by each stockholder who is known by the Company to beneficially own in excess of 5% of the outstanding shares of common stock (solely based on information reported on Forms 13G filed with the Securities and Exchange Commission), by each director and named executive officer and by all executive officers and directors as a group.

<b>Name and Address of Beneficial Owner(1)(2)</b>	<b>Amount and Nature of Beneficial Ownership</b>		<b>Percent of Class</b>
	<b>Currently Owned(3)</b>	<b>Acquirable Within 60 days</b>	
Frank J. Fertitta III	5,914,103	45,000	8.7
Lorenzo J. Fertitta	4,749,615	30,000	7.1
Blake L. Sartini (4)	3,847,973		5.7
Delise F. Sartini (4)	3,790,775		5.6
FMR Corp (5)	4,393,210		6.5
Morgan Stanley (6)	3,968,357		5.9
Scott M Nielson (7)	732,092	10,000	1.1
Glenn C. Christenson (8)	406,080	15,000	