

STATION CASINOS INC
Form 10-Q
May 17, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2010

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
(I.R.S. 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
(Former name, former address and former fiscal year, if changed since last report)

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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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the 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, 2010 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. The issued and outstanding equity securities of the registrant are all owned by FCP Holding Inc., Fertitta Partners LLC and FCP VoteCo LLC.

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(Debtor and Debtor-In-Possession)
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	March 31, 2010	December 31, 2009
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 216,634	\$ 185,193
Restricted cash	169,254	174,361
Receivables, net	48,839	49,878
Inventories	9,144	9,794
Prepaid gaming tax	14,977	16,293
Prepaid expenses	17,083	13,903
Total current assets	475,931	449,422
Property and equipment, net	2,697,800	2,723,683
Goodwill	184,699	184,699
Intangible assets, net	284,288	293,235
Land held for development	305,514	305,617
Investments in joint ventures	6,111	10,489
Native American development costs	220,641	213,774
Other assets, net	97,856	95,913
Total assets	\$ 4,272,840	\$ 4,276,832
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current portion of long-term debt	\$ 242,353	\$ 242,347
Accounts payable	13,139	14,905
Construction contracts payable	1,421	741
Accrued interest payable	7,714	2,341
Accrued expenses and other current liabilities	92,272	91,676
Total current liabilities	356,899	352,010
Long-term debt, less current portion	9,259	9,341
Deferred income tax, net	122,437	116,691
Investments in joint ventures, deficit	167,797	143,048
Other long-term liabilities, net	6,665	7,021
Total liabilities not subject to compromise	663,057	628,111
Liabilities subject to compromise	5,993,304	5,984,109

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Total liabilities	6,656,361	6,612,220
Commitments and contingencies		
Stockholders' deficit:		
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	2,954,494	2,951,031
Accumulated other comprehensive income (loss)	1,015	(922)
Accumulated deficit	(5,339,447)	(5,285,914)
Total stockholders' deficit	(2,383,521)	(2,335,388)
Total liabilities and stockholders' deficit	\$ 4,272,840	\$ 4,276,832

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

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STATION CASINOS, INC.

(Debtor and Debtor-In-Possession)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands)

(unaudited)

	Three months ended March 31,	
	2010	2009
Operating revenues:		
Casino	\$ 180,275	\$ 203,122
Food and beverage	39,919	53,375
Room	18,917	21,931
Other	15,505	15,155
Management fees	12,481	14,019
Gross revenues	267,097	307,602
Promotional allowances	(17,726)	(24,854)
Net revenues	249,371	282,748
Operating costs and expenses:		
Casino	72,512	83,002
Food and beverage	25,398	31,229
Room	8,306	8,584
Other	4,548	4,386
Selling, general and administrative	53,548	55,074
Corporate	8,918	11,586
Development and preopening	1,874	2,390
Depreciation and amortization	44,066	53,517
Write-downs and other charges, net	6,709	5,250
	225,879	255,018
Operating income	23,492	27,730
Earnings from joint ventures	1,671	1,663
Operating income and earnings from joint ventures	25,163	29,393
Other expense:		
Interest expense, net (contractual interest for the three months ended March 31, 2010 was \$102,357)	(27,473)	(92,050)

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Interest and other expense from joint ventures	(34,313)	(7,633)
Change in fair value of derivative instruments	(41)	19,018
Gain on early retirement of debt		40,348
	(61,827)	(40,317)
Loss before income taxes and reorganization items	(36,664)	(10,924)
Reorganization items	(19,251)	
Loss before income taxes	(55,915)	(10,924)
Income tax benefit (expense)	2,382	(22,785)
Net loss	\$ (53,533)	\$ (33,709)

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

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STATION CASINOS, INC.

(Debtor and Debtor-In-Possession)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	Three months ended March 31,	
	2010	2009
Cash flows from operating activities:		
Net loss	\$ (53,533)	\$ (33,709)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	44,066	53,517
Change in fair value of derivative instruments	41	(19,018)
Gain on early retirement of debt		(40,348)
Write-downs and other charges, net	69	5,018
Amortization of debt discount and issuance costs	489	9,772
Share-based compensation	3,404	3,561
Loss from joint ventures	32,642	5,970
Reorganization items	19,251	
Changes in assets and liabilities:		
Restricted cash	5,107	(48,134)
Receivables, net	1,039	(10,328)
Inventories and prepaid expenses	(1,214)	698
Deferred income tax	1,642	22,750
Accounts payable	(1,817)	(2,236)
Accrued interest	7,675	36,835
Accrued expenses and other current liabilities	5,689	(31,723)
Other, net	206	(6,248)
Total adjustments	118,289	(19,914)
Net cash provided by (used in) operating activities before reorganization items	64,756	(53,623)
Net cash used for reorganization items	(14,697)	
Net cash provided by (used in) operating activities	50,059	(53,623)
Cash flows from investing activities:		
Capital expenditures	(9,509)	(14,156)
Proceeds from sale of land, property and equipment	213	117
Due from unconsolidated affiliate		(10,061)
Investments in joint ventures	(1,059)	(1,920)
Distributions in excess of earnings from join		