

STANTON CASINOS  
INC

# STATION CASINOS<sup>INC.</sup>

## Things to Consider

- Quality of the LV Local's Market
- “Value” of Land and Other Assets
- Financial Strategy
  - FCF
  - ROI vs WACC of Debt
  - Capital Structure



## Quality of the LV Local's Market

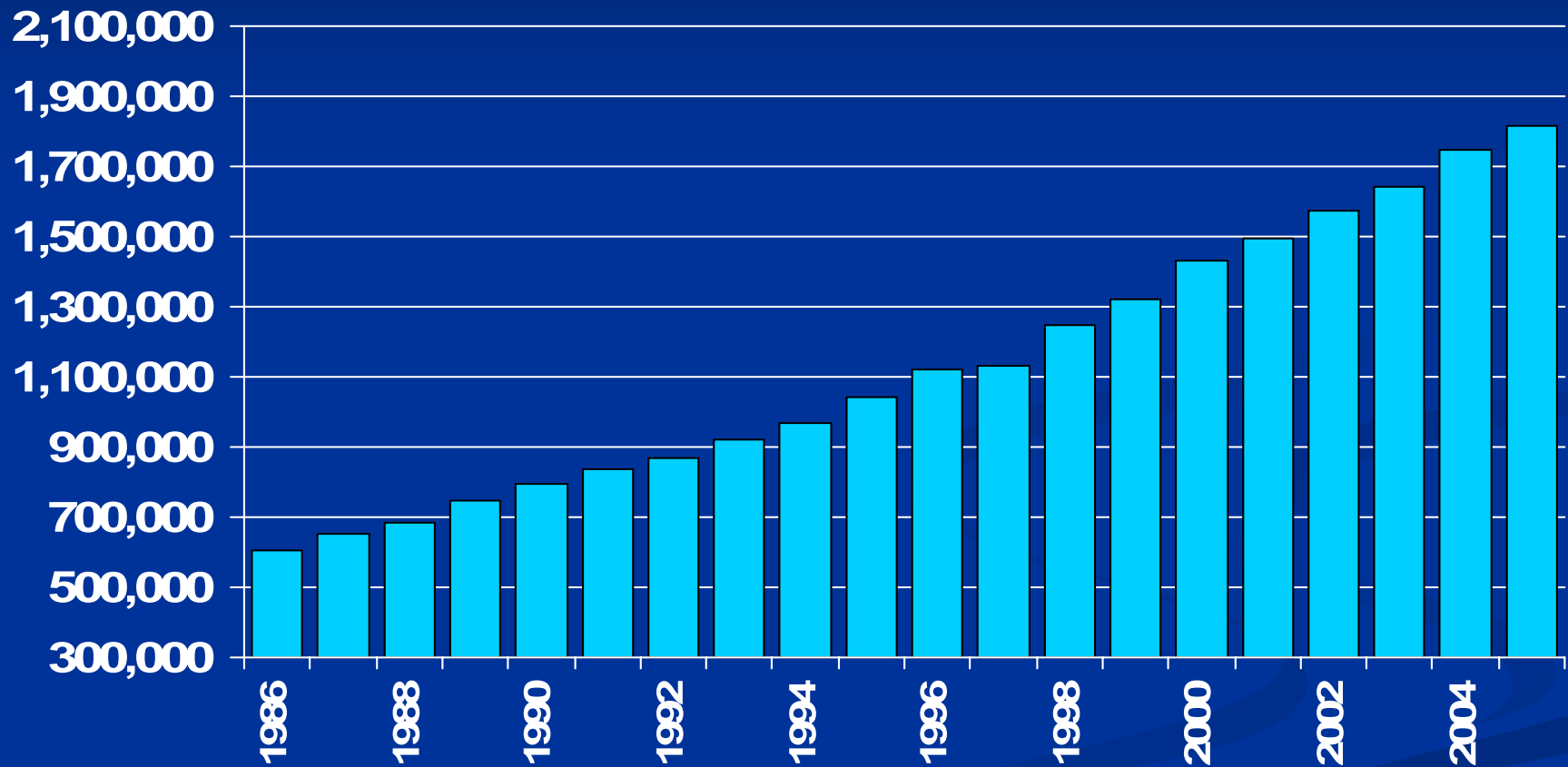
- Barriers to Entry
- Growing Market
- Conditions in Place for Further Growth
- Business Model Lends Itself to Predictability
- Arguably Best Market Visibility in Industry

# STATION CASINOS INC

Las Vegas Economy



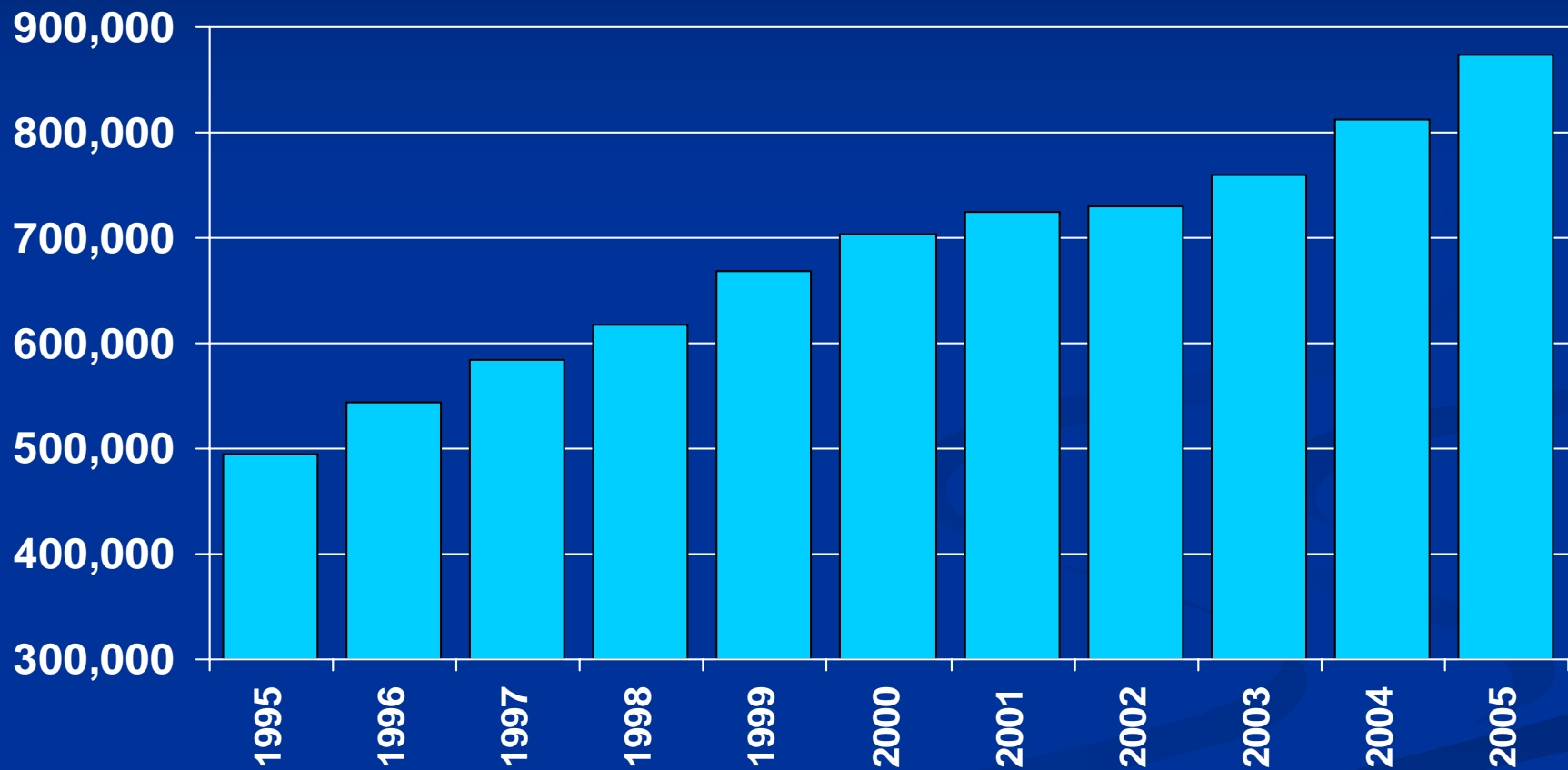
## Clark County Population



Source: UNLV Center for Business and Economic Research



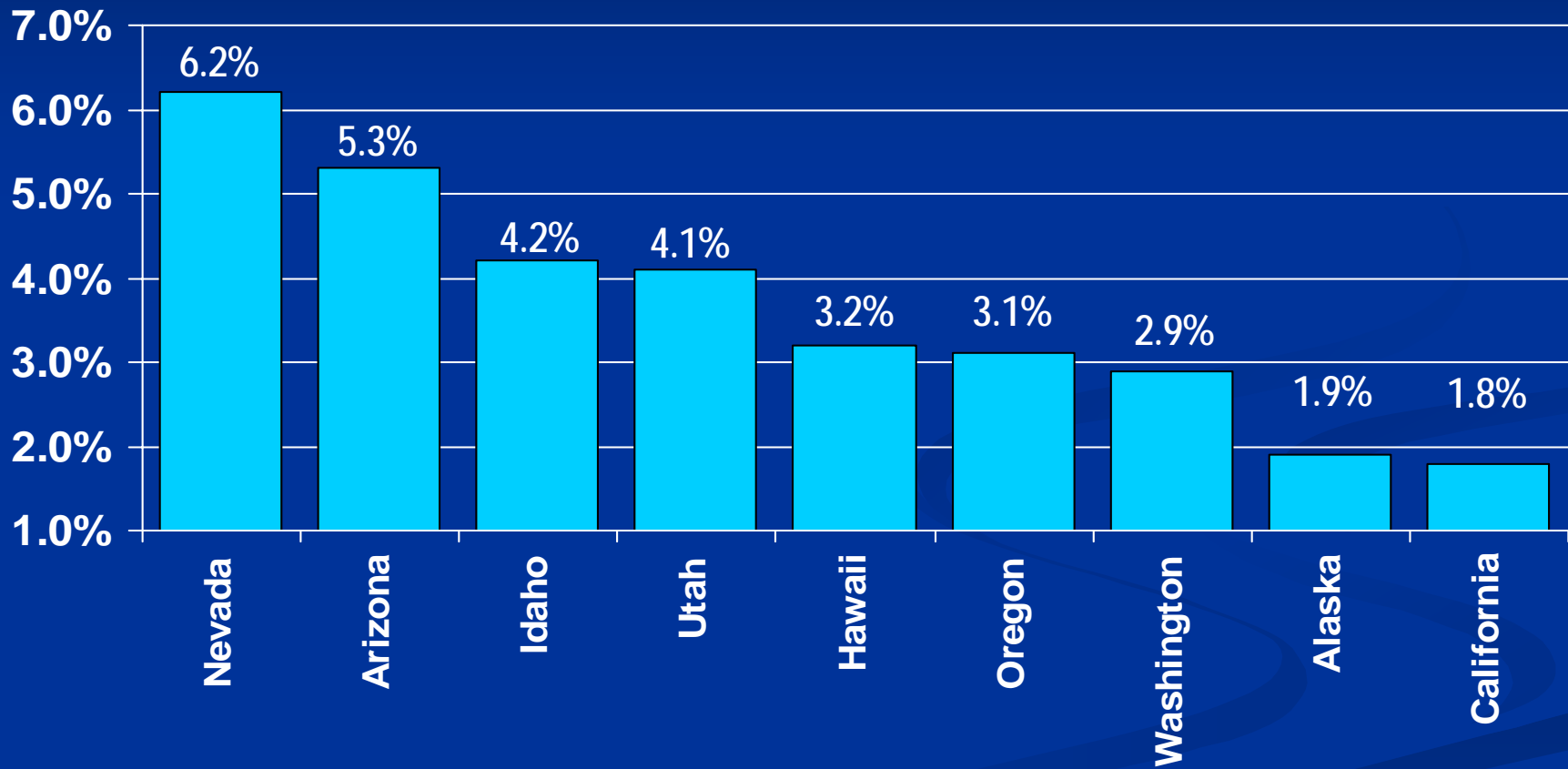
## Las Vegas Employment



Source: Nevada Department of Employment, Training, and Rehabilitation



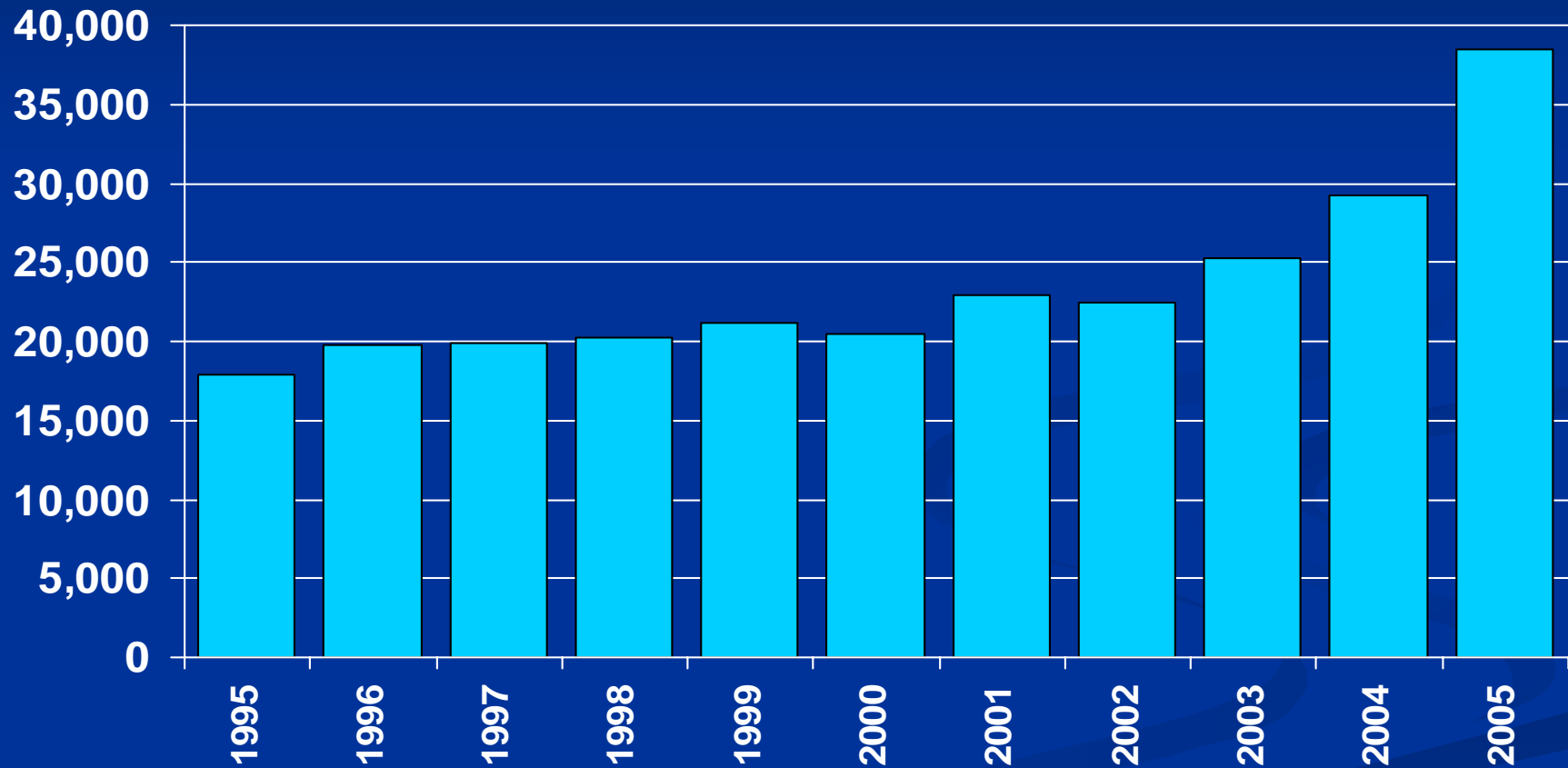
## 2005 New Job Creation



Source: Bureau of Labor Statistics



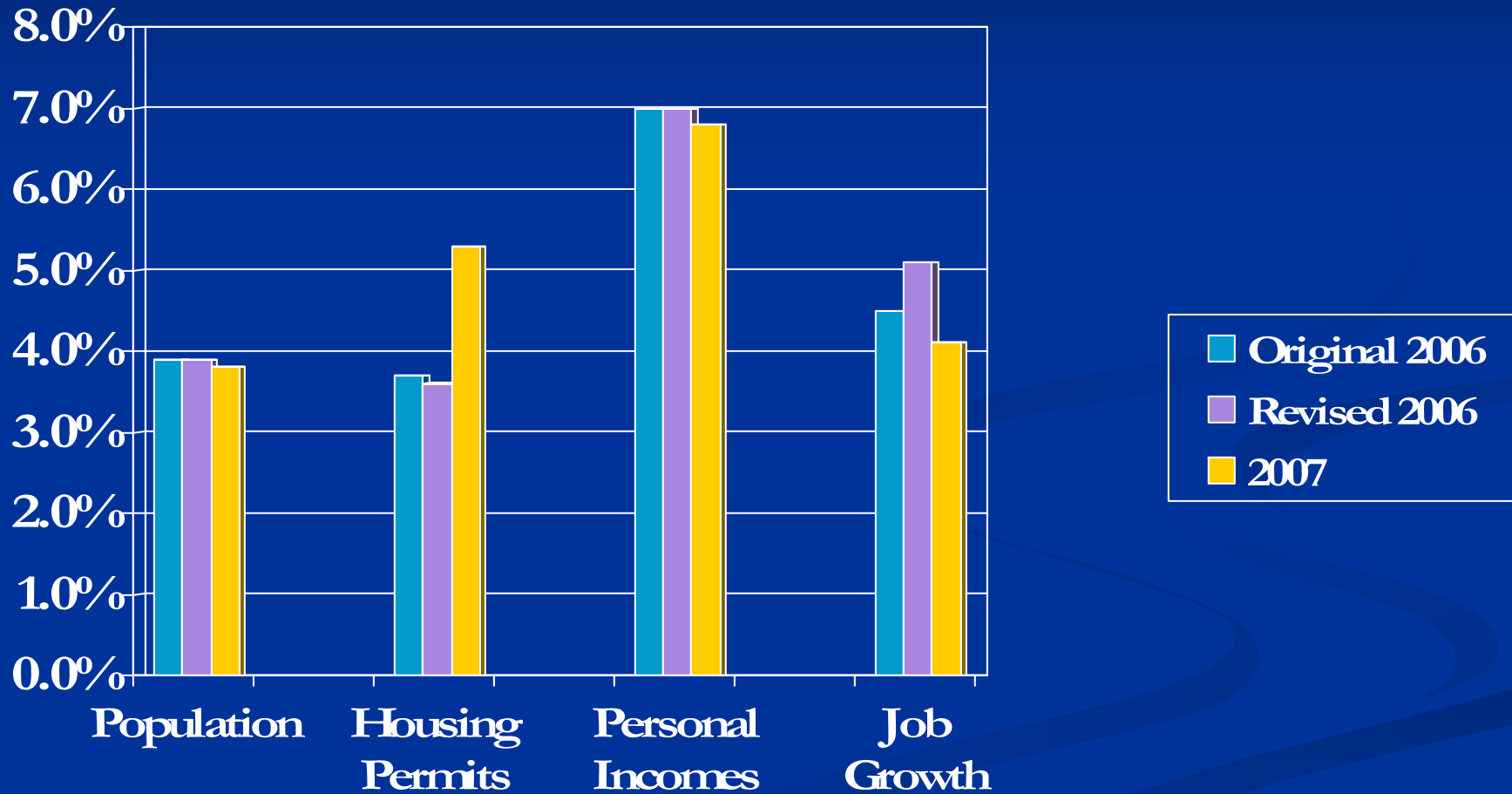
## New Home Sales



Source: Home Builders Research, Inc.

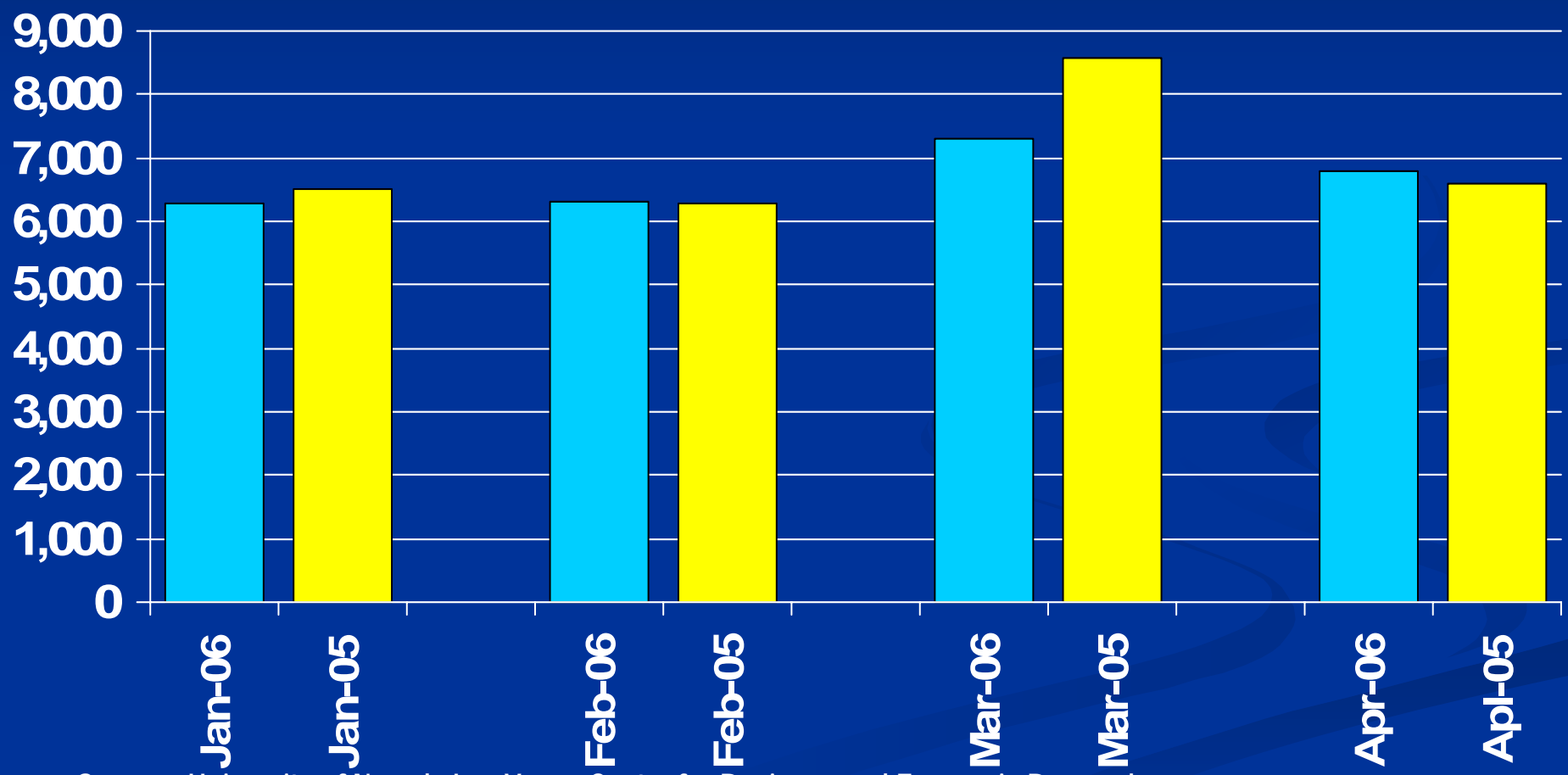


## 2006 and 2007 Economic Forecast – UNLV CBER





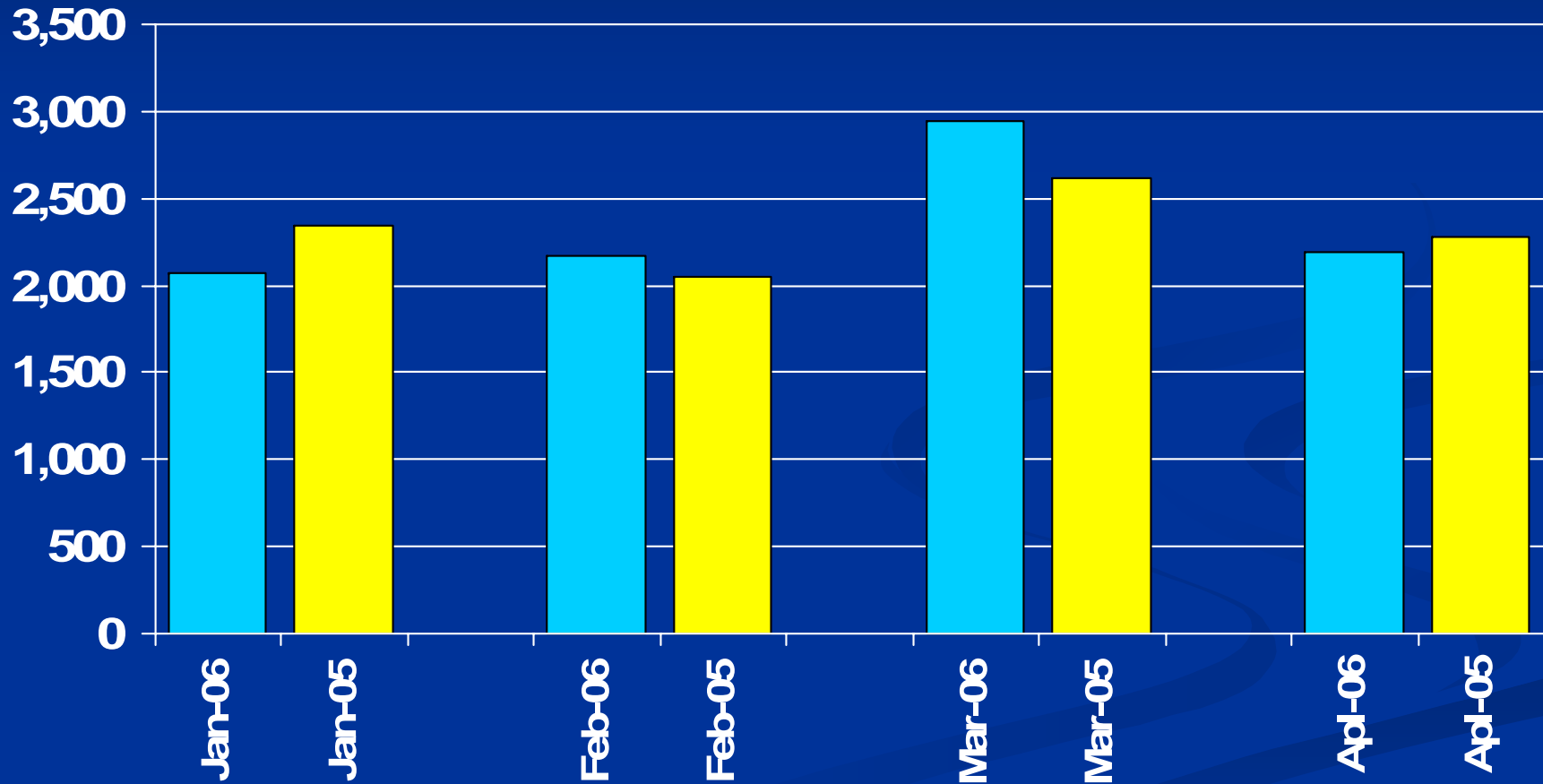
## Population Growth



Source: University of Nevada Las Vegas Center for Business and Economic Research



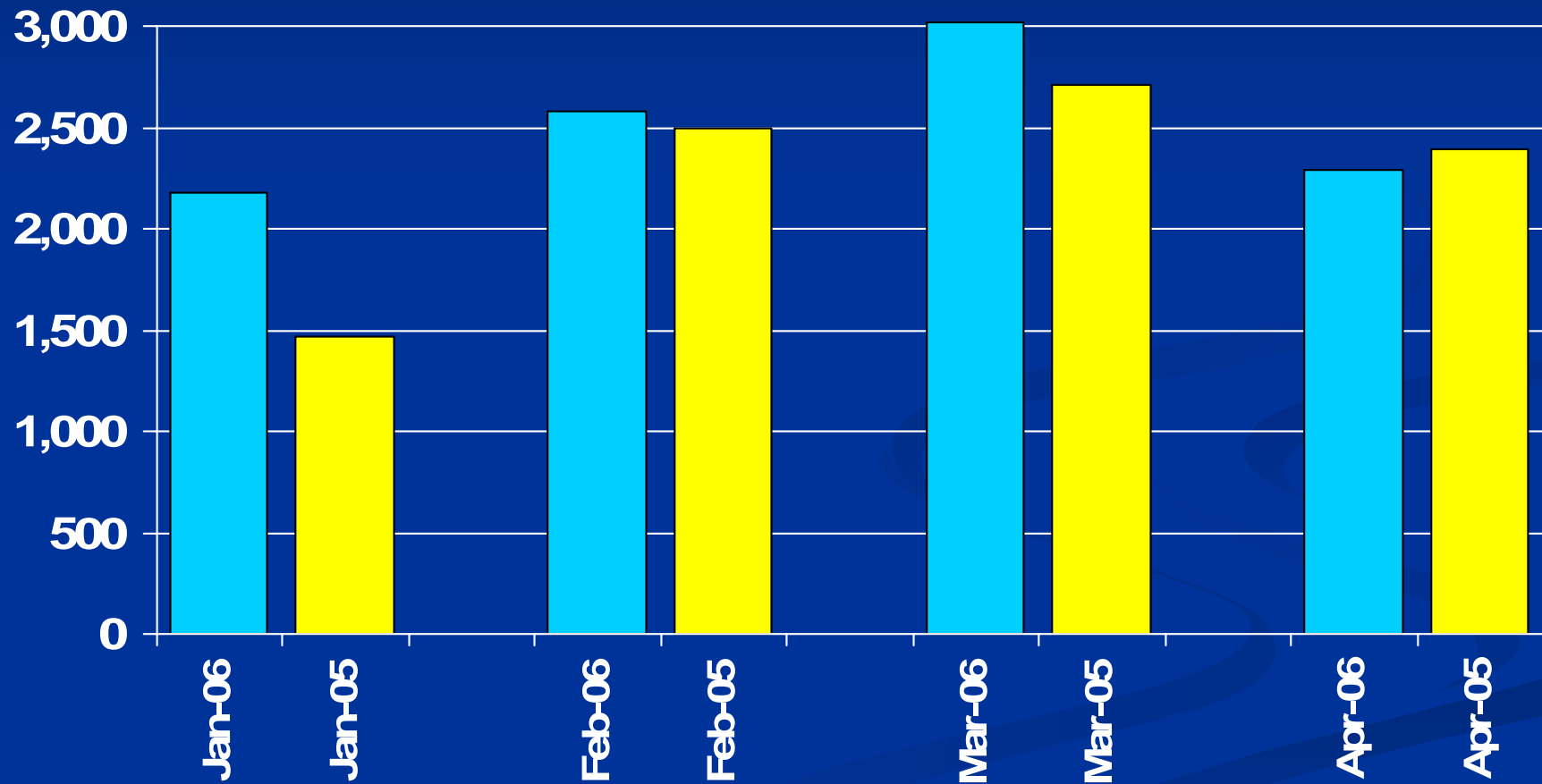
## New Home Sales



Source: University of Nevada Las Vegas Center for Business and Economic Research



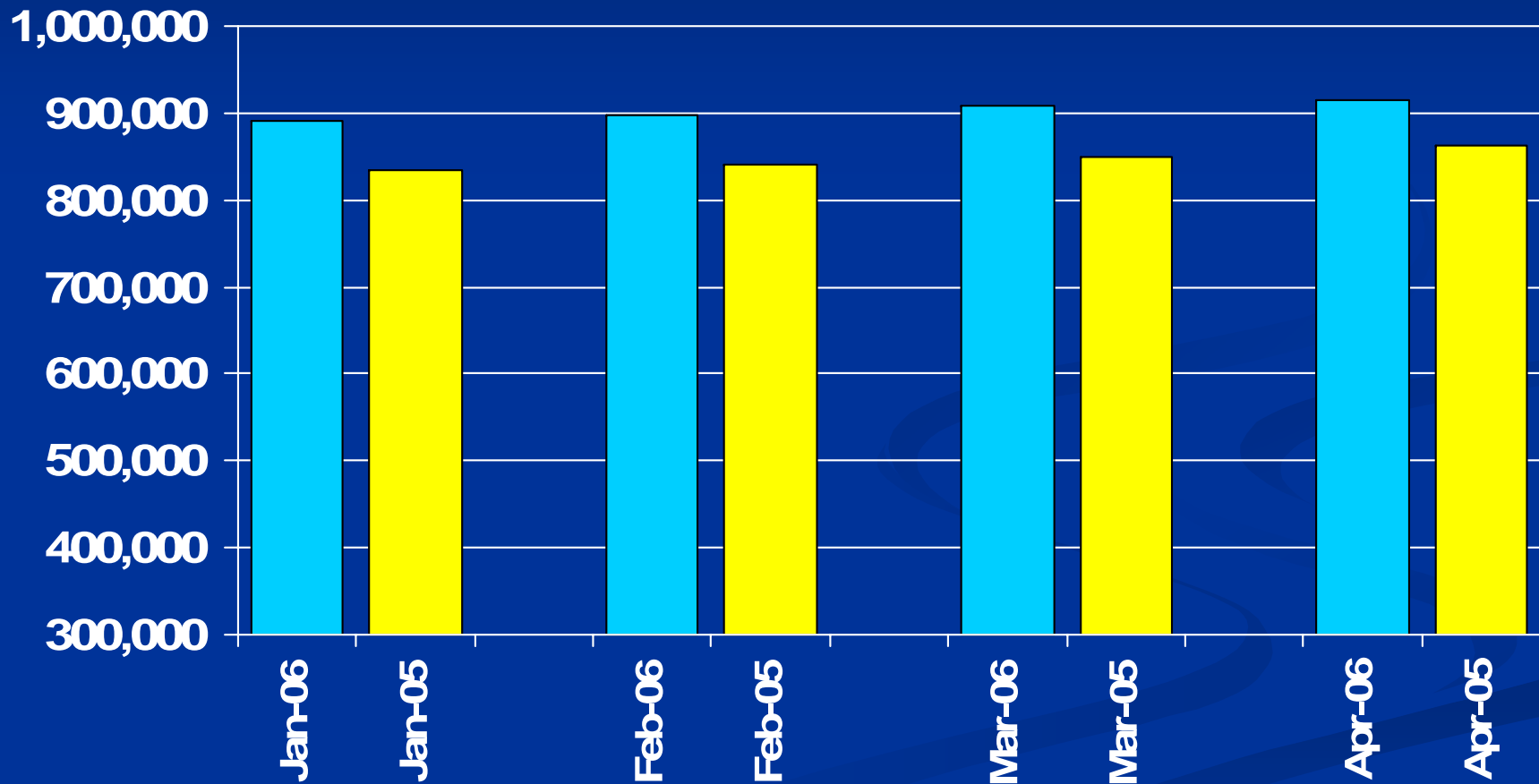
## New Home Permits



Source: University of Nevada Las Vegas Center for Business and Economic Research



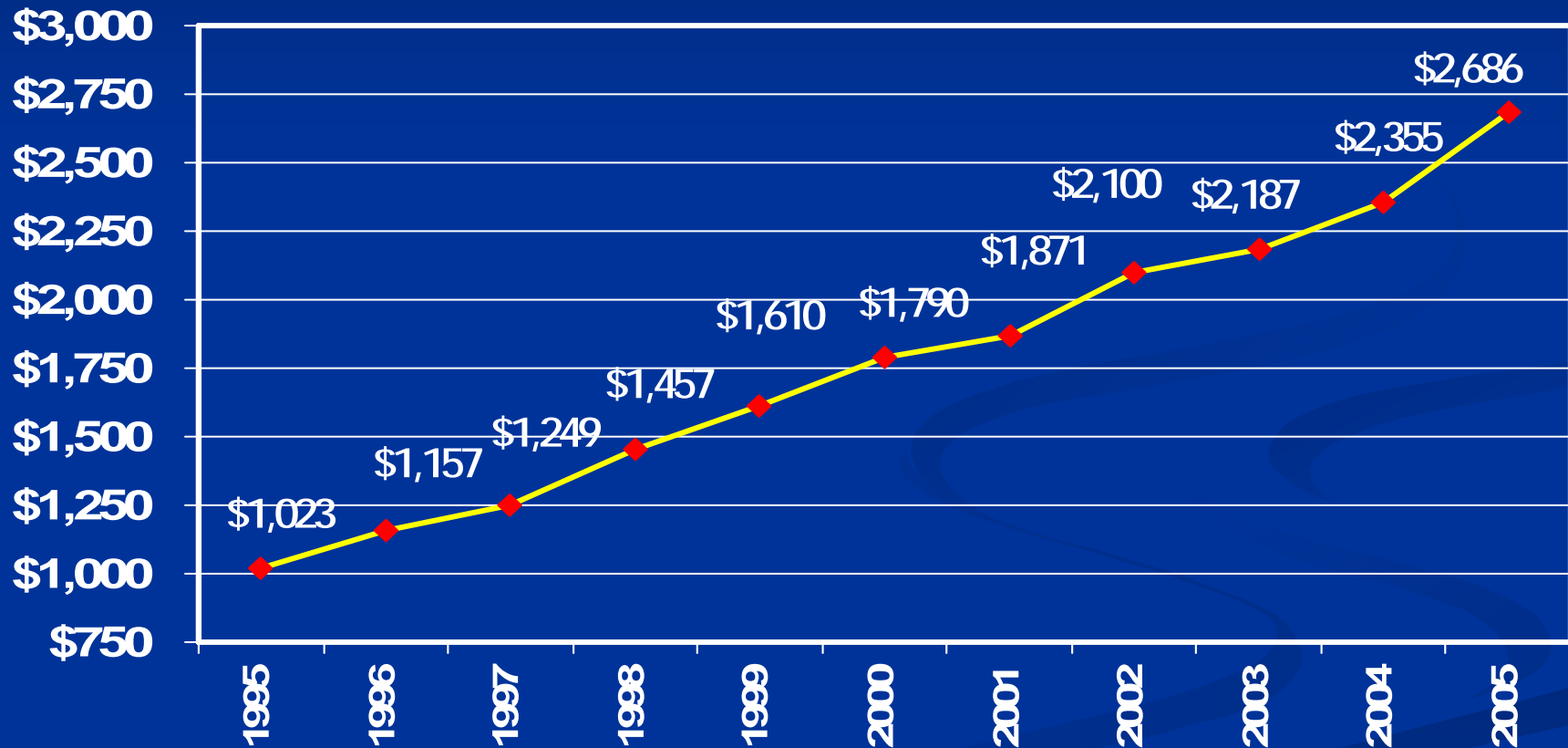
## Employment



Source: University of Nevada Las Vegas Center for Business and Economic Research



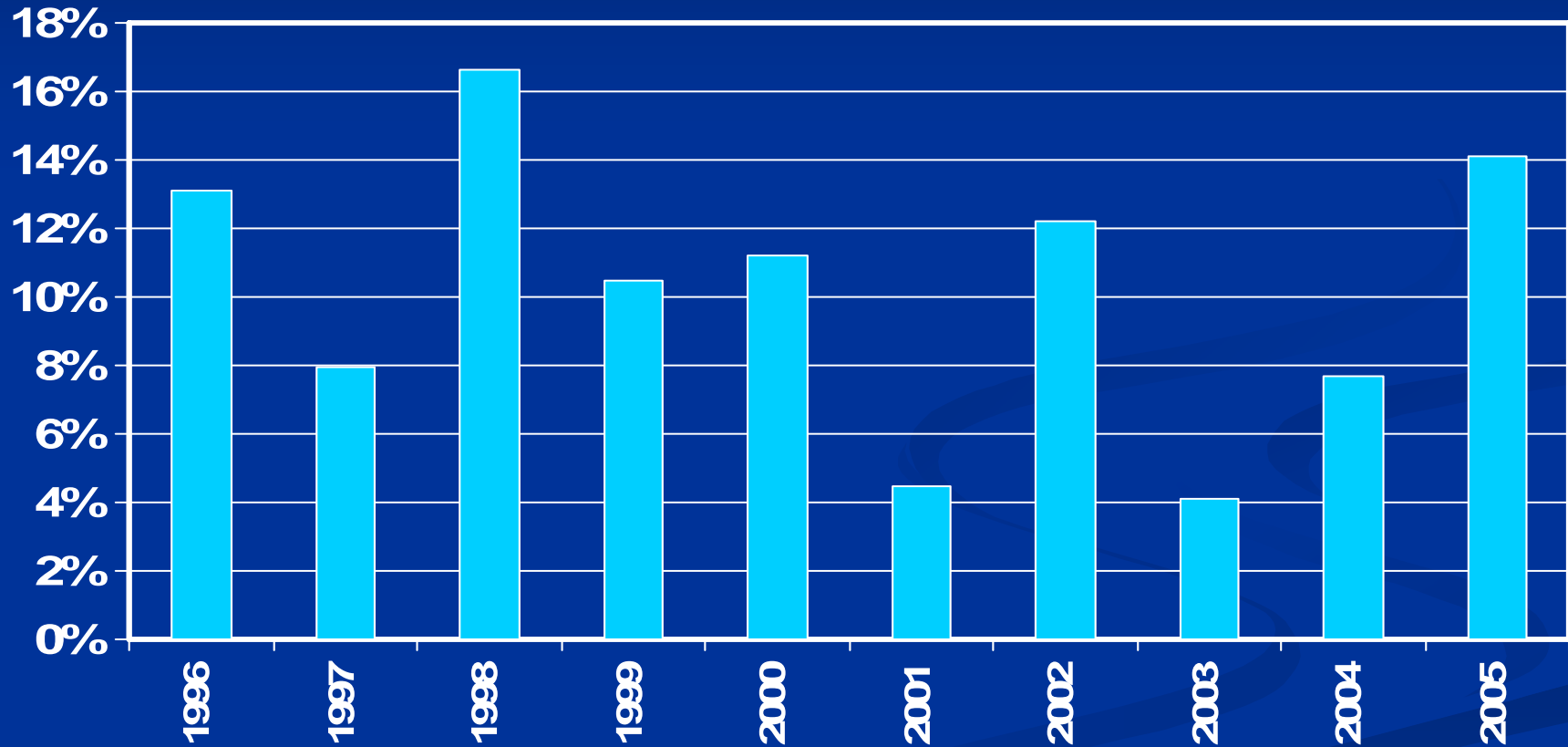
## LV Local's Market – Gaming Revenue 2005 Growth Rate – 14.1%



Source: Estimated Using Nevada Gaming Control Board Revenue Reports and Public Company Filings

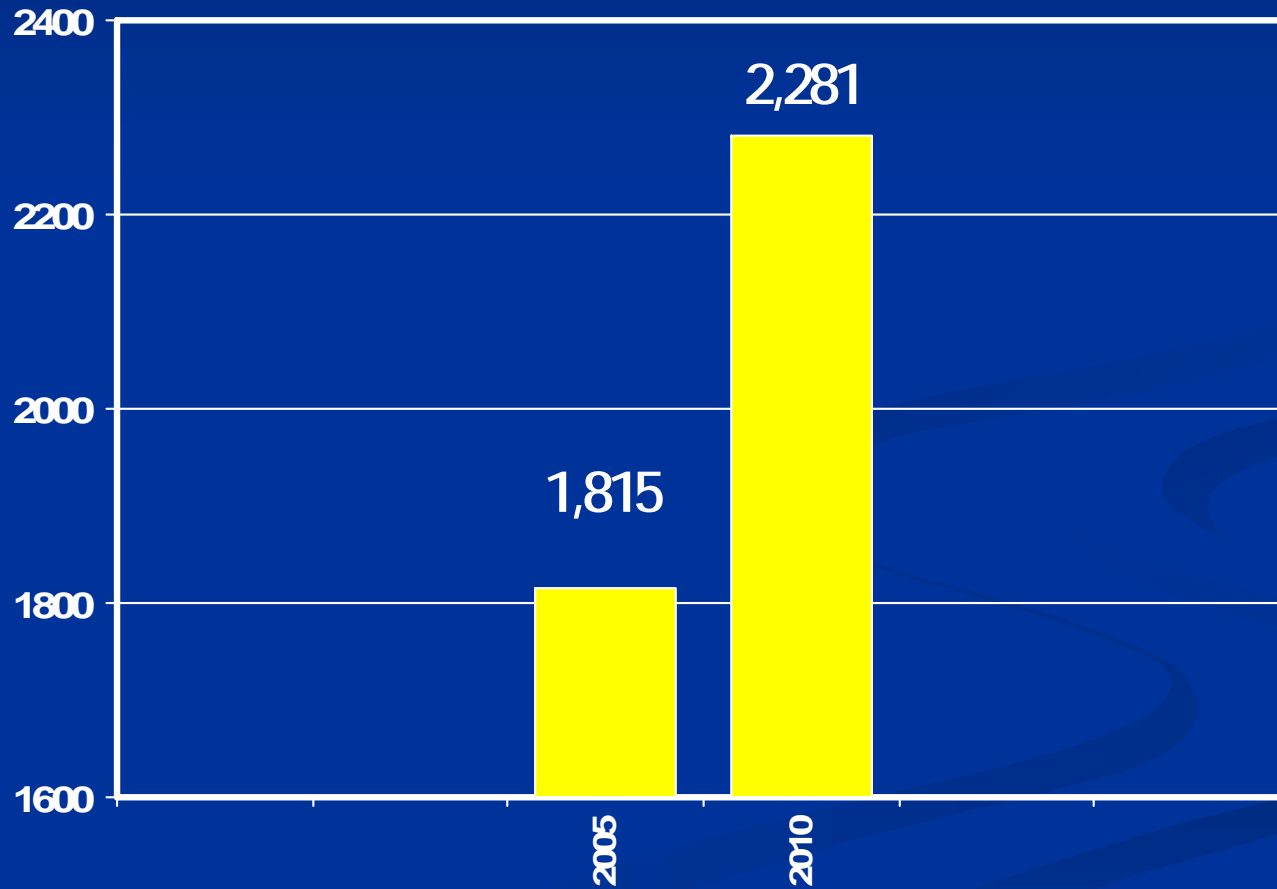


## LV Local's Market – Gaming Revenue Growth Rates Last 10 Years – CAGR 10%





## Projected Population Growth (In thousands)

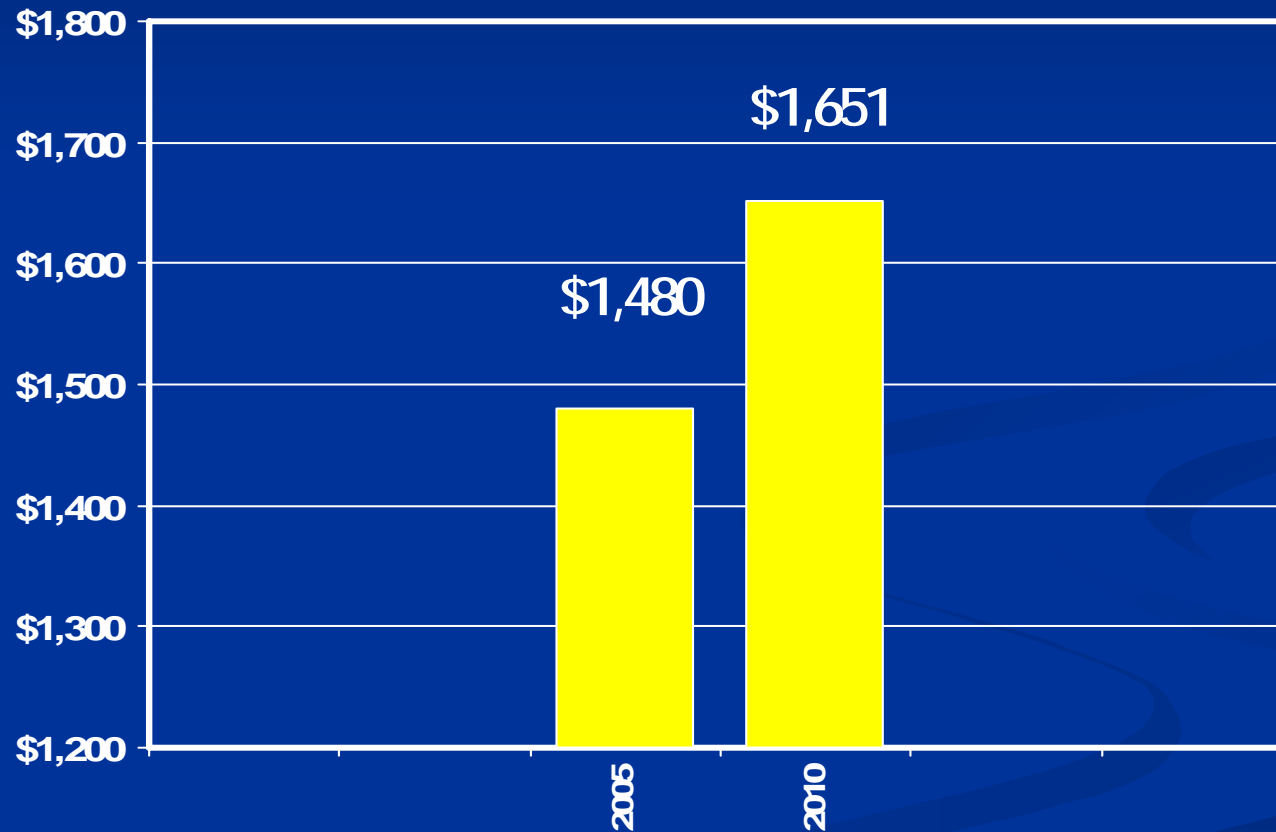


Source: University of Nevada Las Vegas Center for Business and Economic Research

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## Gaming Revenue Per Person

(In thousands)

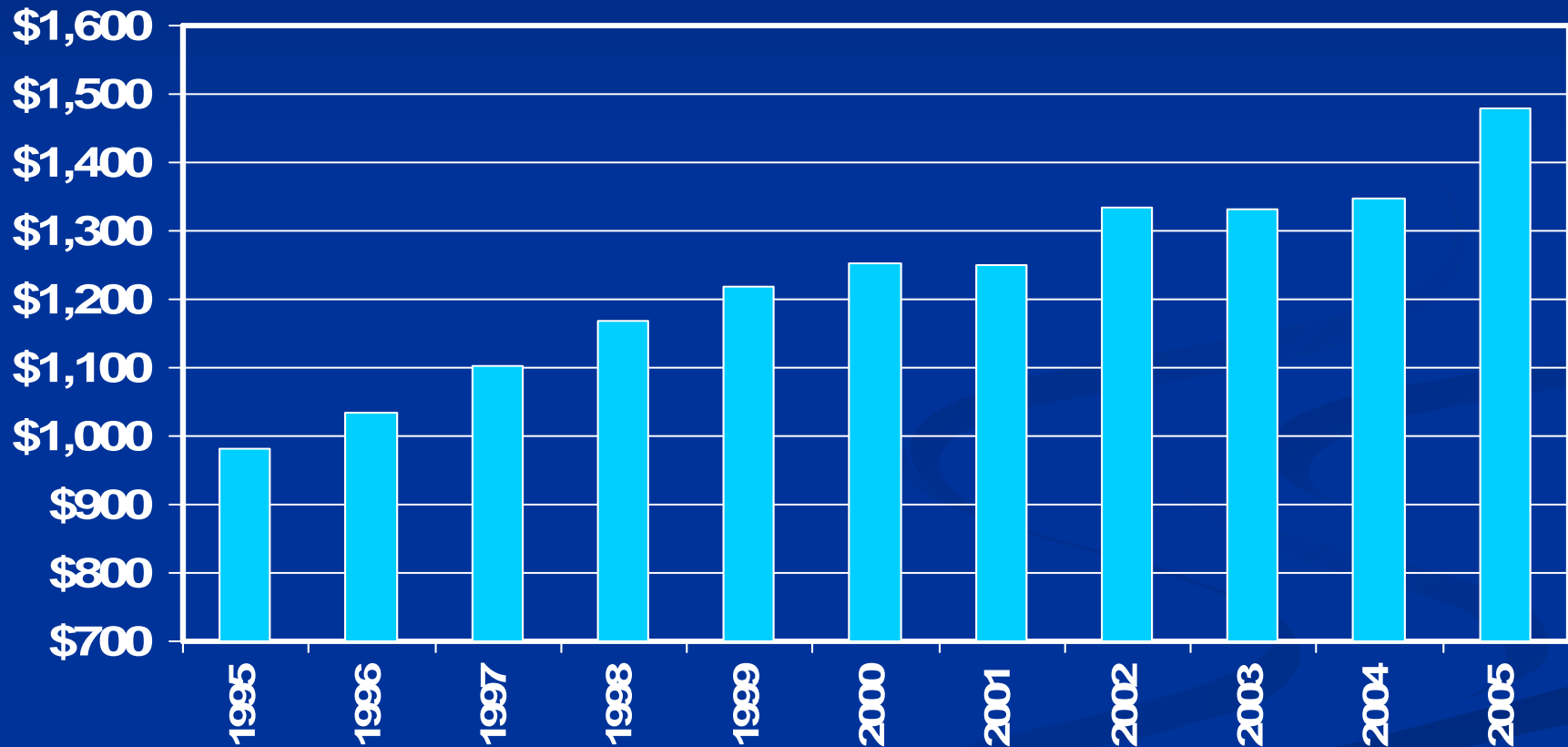


Assumes 2% growth rate in gaming revenue per person

Computation: Estimated Gaming Revenues in the LV Local's Market Divided by the Population

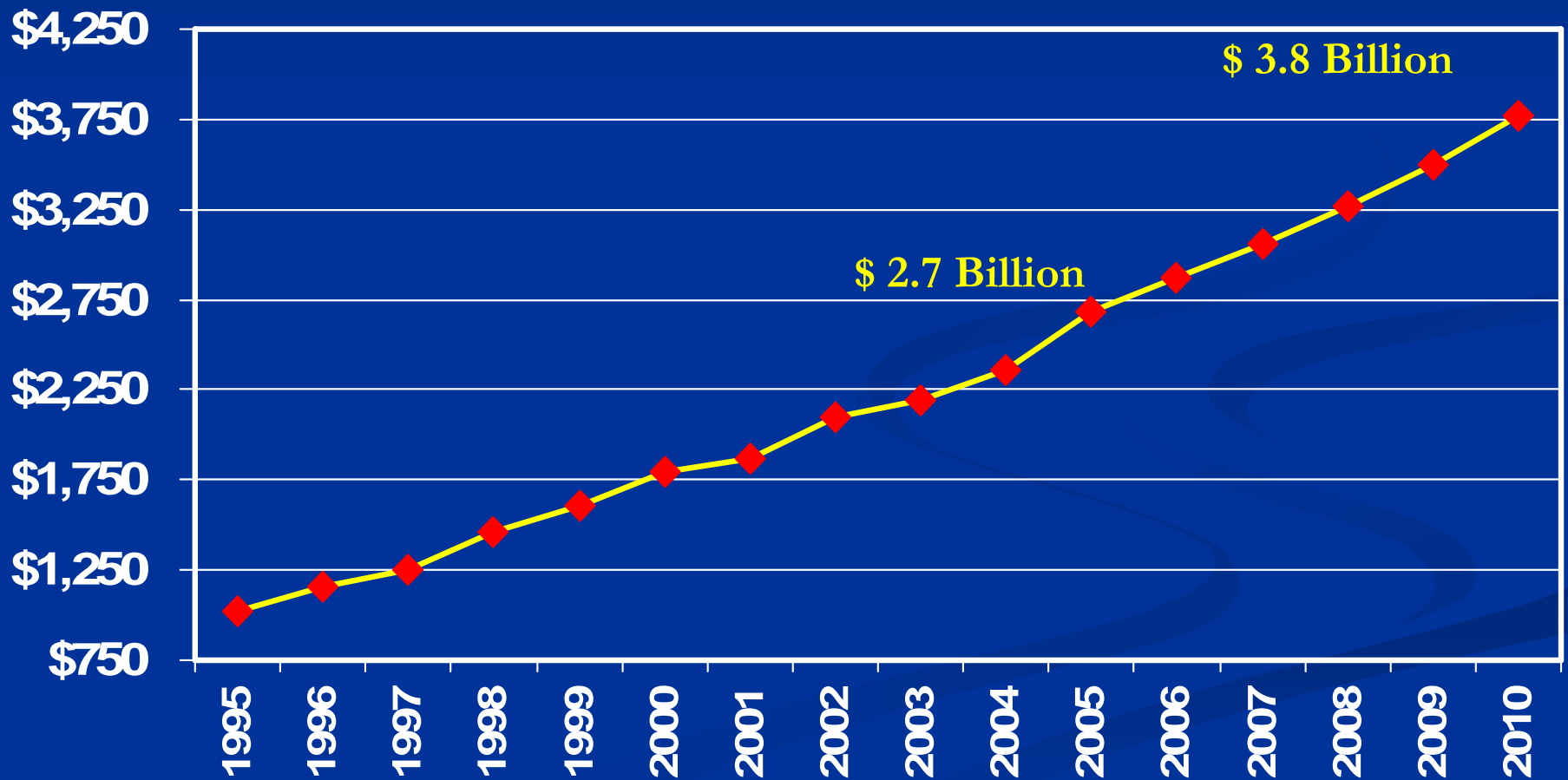


## LV Local's Market – Gaming Revenue Per Person Last 10 Years CAGR 4.2%





## Las Vegas Local's Market - \$3.8 Billion in 2010 Modest Assumptions Generate 7% CAGR





## Known Development on the Strip Through 2010 (In Millions)

<u>Company</u>	<u>Project</u>	<u>Cost</u>	<u>Multiplier Effect</u>
<b>MGM</b>	<b>MGM City Center</b>	\$ 7.0	
<b>BYD</b>	<b>Echelon</b>	4.0	
<b>WYNN</b>	<b>Encore</b>	1.7	
<b>Private</b>	<b>Cosmopolitan</b>	1.5	
<b>LVS</b>	<b>Palazzo</b>	1.7	
	<b>Total Investment</b>	<u>\$ 15.9</u>	<u>\$ 31.8</u>

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## Other Known Development

(In Millions)

Project	Cost	Effect
Signature at MGM	\$ 1.2	
Red Rock Resort	0.9	
Town Square	0.8	
Turnberry Towers	0.5	
US 95 Widening	0.5	
Trump Tower	0.4	
World Market Phase II	0.4	
Centennial Transmission	0.3	
Other	2.2	
<b>Total Investment</b>	<b>\$ 7.2</b>	<b>\$ 14.4</b>

Source: In Business Las Vegas - January 27-February 2, 1996



## Announced Growth Through 2008

**2006 Red Rock Phase I for 8.5 Months**

**Portions of the Master Plans**

**Construction Disruption from MP Gone Q4**

**2007 Red Rock Phase II for 11 Months**

**All of MP at Fiesta Henderson for 5 Months**

**All of MP at Santa Fe for 4 Months**

**All of MP at Green Valley Ranch for 5 Months**

**2008 Aliante JV Opens Mid Year**



## Land Held for Development

( in millions, Except per Share Data)

3/31/2006

<u>Acres</u>	<u>Location</u>	<u>Cost</u>	<u>Cost Per Share</u>
508	Total Held for Development	\$ 232.0	
54	Land In Aliante JV	47.3	
67	Wild Wild West (in PPE)	149.6	
<u>629</u>	<u>Total</u>	<u>\$ 428.9</u>	<u>\$ 6.92</u>

Assumes 62 Million Shares Outstanding

Excludes Two Parcels in Escrow Located in Reno, Nevada

Wild Wild West Land Includes 19 Acres From Pending Lease Buyout

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## Land – Basket of Value

( in millions, Except per Share Data)

3/31/2006

### Est. FMV Range

<u>Acres</u>	<u>Location</u>	<u>Low</u>	<u>High</u>
208	Las Vegas Sites	\$ 480	\$ 635
54	Land In Aliante JV	47	47
40	Excess Land	60	81
300	Reno and Other	70	115
67	Wild Wild West	334	534
<b>669</b>	<b>Total</b>	<b>\$ 991</b>	<b>\$ 1,412</b>

**Per Share \$ 15.98 \$ 22.77**

Assumes 62 Million Shares Outstanding. FMV Determined by 3rd Parties

Excludes Two Parcels in Escrow Located in Reno, Nevada

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## Land and Other Assets

( in millions, Except per Share Data)

3/31/06

Location	Est. FMV Range	
	Low	High
Land Held for Development	\$ 991	\$ 1,412
Advances to Tribes	171	171
<b>Total</b>	<b>\$ 1,162</b>	<b>\$ 1,583</b>
<b>Per Share</b>	<b>\$ 18.74</b>	<b>\$ 25.53</b>

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## Flexibility In Capital Structure

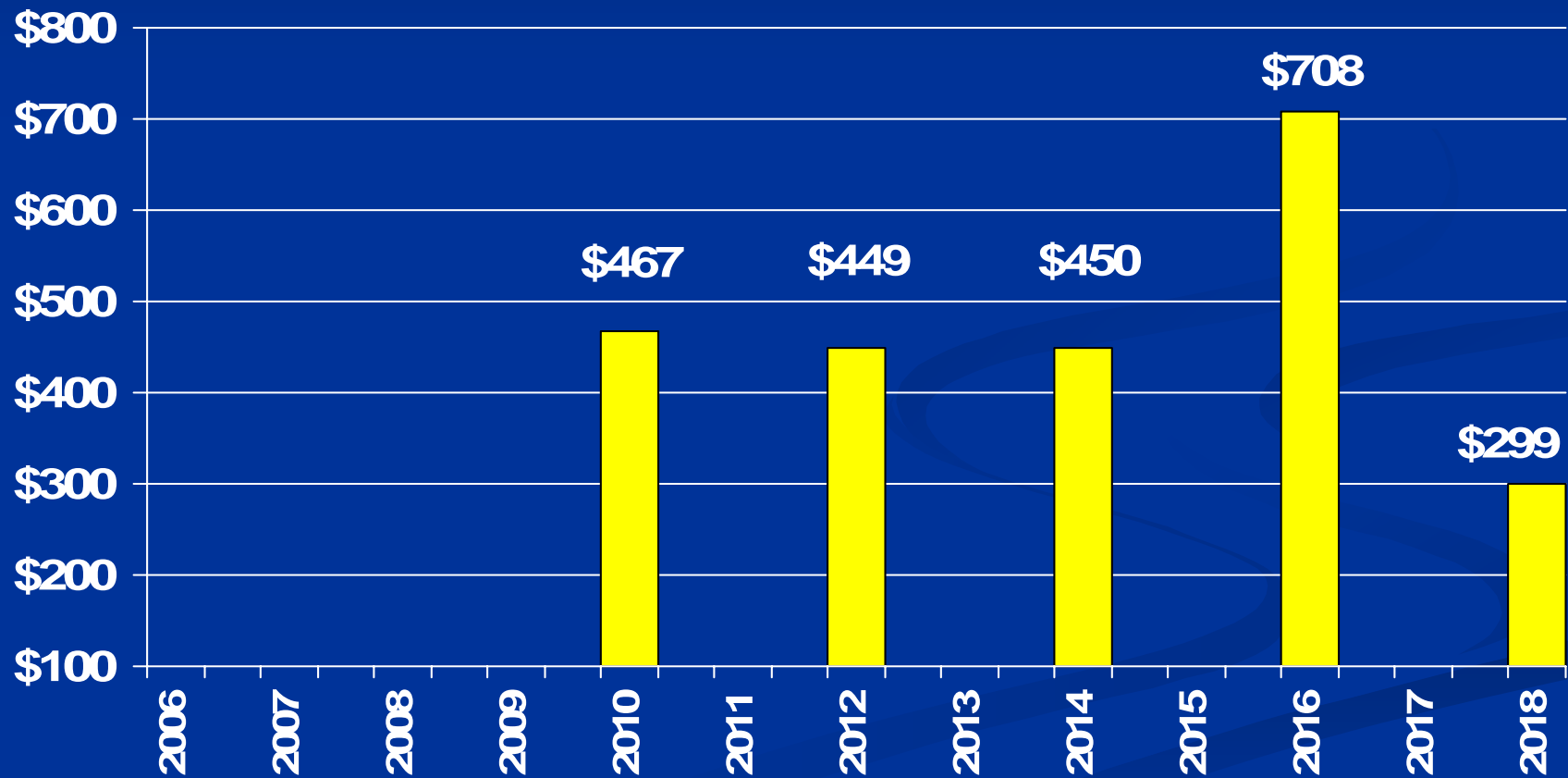
### Long-Term Debt:

Reducing Revolver	\$ 467
Senior Notes	449
Subordinated Notes	1,456
Other	17
<b>Total LT Debt at 3/31/06</b>	<b>\$ 2,389</b>

- **Next Maturity** 2010
- **Weighted Average Cost- Pretax** 6.48%
- **Fixed Rate Debt** 89%
- **Incremental Borrowing Rate – 175 bps over Libor**



## Proforma Debt Maturities In Millions 3/31/06





## '07 Free Cash Flow Sensitivity Analysis ( in millions)

<b>EBITDA</b>	\$ 630	\$ 670
Less:		
Interest (including cap interest)	220	220
Cash Taxes Paid	85	100
Maintenance Capital Expenditures	50	50
<b>Free Cash Available for Capital Needs</b>	<u>\$ 275</u>	<u>\$ 300</u>



## Operating Results Plus Financial Strategy

**Strong ROI – Guidance for 2006 and 2007**

**High Teens/Low 20%**

**Low Cost of Capital – WAC of Debt – 6.5%**

**2007 FCF \$275 - \$300 Million**

## “Safe Harbor Provision”

Statements within this presentation which are not historical facts are “forward looking” statements and “safe harbor statements” under the Private Securities Litigation Reform Act of 1995 that involve risks and/or uncertainties, including but not limited to financial projections, state and federal regulations, construction activities and other risks described in the Company’s public filings with the Securities Exchange Commission.

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