

STANTON CASINOS  
INC



## Quarterly Financial Highlights

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

## Operating Highlights

( in millions)

<b>Major Las Vegas Operations</b>	<b>Q3 '06</b>	<b>Q3 '05</b>	<b>%</b>
Net Revenues	\$ 308.6	\$ 241.0	28%
Adjusted EBITDA	102.1	97.8	4%
EBITDA Margins	33.1%	40.6%	-18%

<b>Major Properties - With GVR</b>	<b>Q3 '06</b>	<b>Q3'05</b>	<b>%</b>
Net Revenues	\$ 370.3	\$ 300.0	23%
Adjusted EBITDA	127.6	122.2	4%
EBITDA Margins	34.5%	40.7%	-15%



## Operating EBITDA Components

(in millions)

	<u>Q3 '06</u>	<u>Q3 '05</u>	<u>%</u>
<b>Op. Inc. and Earnings from JV</b>	\$ 86.0	\$ 84.4	
Depreciation and Amortization	36.9	26.1	
Development Expense	2.1	2.0	
Preopening Expenses	(0.2)	1.6	
Loss on Asset Disposals	1.5	3.4	
Other	0.4	-	
Lease Terminations	-	0.3	
<b>EBITDA Adjusted</b>	<u>\$ 126.7</u>	<u>\$ 117.8</u>	8%



## Q3 2006 Major Property Revenues and EBITDA Analysis of Actual vs. Guidance

(in thousands)

	<u>Low</u>	<u>High</u>
<b>Expected Major Property Revenues (30%-35%)</b>	<b>\$ 313,361</b>	<b>\$ 325,413</b>
Smaller Than Expected Increase in Spend/Visit	(4,000)	(5,000)
Greater Than Expected Construction Disruption	(4,000)	(10,000)
Other	3,256	(1,796)
<b>Actual Major Property Revenues</b>	<b>\$ 308,617</b>	<b>\$ 308,617</b>
<b>Expected EBITDA</b>	<b>\$ 135,000</b>	<b>\$ 140,000</b>
"Flow Through" on Revenue Shortfall	(5,757)	(10,757)
Impact of Red Rock Resort Margins	(7,000)	(7,000)
Reduction of Corporate Expenses	4,500	4,500
<b>Actual EBITDA</b>	<b>\$ 126,743</b>	<b>\$ 126,743</b>



**2006 and 2007 Annual Guidance**



## EBITDA Guidance

(in millions)

EBITDA

Actual	Range		Range	
2005	2006	2006	2007	2007
\$481	\$526	\$536	\$610	\$650

\*Excludes Non Recurring Items and Development Costs.

\*\*2006 Assumes 22-24% Revenue Growth

And No Other Management Fees from Other Native American Operations Other Than Thunder Valley.



## EPS Guidance

(in millions, except EPS)

	Actual	Range		Range	
	2005	2006	2006	2007	2007
EBITDA w/ Disruption *	\$ 481	\$ 526	\$ 536	\$ 610	\$ 650
Interest Expense	87	178	178	250	250
Depreciation	101	133	133	173	173
Taxes	108	81	85	71	86
Net Inc w/Disruption	\$ 185	\$ 134	\$ 140	\$ 116	\$ 141
EPS **w/ Disruption	\$ 2.74	\$ 2.23	\$ 2.33	\$ 2.00	\$ 2.43

\*Management Expects Construction Disruption at the Santa Fe, Fiesta Henderson and Green Valley Ranch Expansion Sites in 2006.

\*\*2006 Assumes 60.2 million Shares and 2007 Assumes 58 Million Shares Outstanding

\*\*\* The Tax Rate Assumed is 38% in 2006 and 2007.



**Guidance - Interest on Land Held for Development et al**  
**(in millions, except EPS)**

	<b>Actual 2005</b>	<b>EST. 2006</b>	<b>EST. 2007</b>
Land Held for Development	\$ (13)	\$ (20)	\$ (26)
Advances to Tribes	(6)	(12)	(13)
Total Interest	(19)	(32)	(39)
Taxes*	7	12	15
Impact on Net Income	\$ 12	\$ 20	\$ 24
EPS Impact	\$ 0.18	\$ 0.33	\$ 0.41

Assumes 60.2 Million Shares Outstanding in 2006 and 58 Million Shares in 2007

\*The Tax Rate Assumed is 38% in 2006 and 2007.



## Q4 2006 Quarterly Guidance



## EBITDA Guidance Q4 2006

(in millions)

EBITDA, Before Development  
and Non-Recurring Items\*

Range Q4 2006*		Actual Q4 2005
\$ 133	\$ 143	\$ 123.9

\*Excludes Non-Recurring Items and Projected Development Expense  
Includes Management Fees



## EPS Guidance – Q4 2006

(in millions, except EPS)

	Actual	Range	
	2005	2006	2006
EBITDA**	\$ 124	\$ 133	\$ 143
Interest Expense	24	56	56
Depreciation	26	40	40
Taxes @ 38% in 2006	27	14	18
Net Inc w/Disruption	\$ 47	\$ 23	\$ 29
EPS**	\$ 0.69	\$ 0.41	\$ 0.51

\*\*See Previous Assumptions Regarding EBITDA and EPS on Previous Slides.

\*\*\*Assumes 57 Million Shares Outstanding in 2006 Q4



## Other Financial Information



## Projected Development Cap EX ( in millions)

	<u>2006</u>	<u>2007</u>
Red Rock Resort Phase I and II	\$ 400	\$ 30
Red Rock Resort Phase III	15	45
Santa Fe Expansion - Phase III	90	30
Fiesta Henderson Exp. Phase- II	54	15
Land	93	93
<b>Total</b>	<b><u><u>\$ 652</u></u></b>	<b><u><u>\$ 213</u></u></b>

Amounts are Expected Cash Expenditures



## '06 Free Cash Flow Sensitivity

### Analysis

( in millions)

<b>EBITDA</b>	\$ 526	\$ 536
Less:		
Interest (including cap interest)	202	202
Cash Taxes Paid	35	35
Maintenance Capital Expenditures	45	45
<b>Free Cash Available for Capital Needs</b>	<u><u>\$ 244</u></u>	<u><u>\$ 254</u></u>



## Flexibility In Capital Structure

### Long-Term Debt:

Reducing Revolver	\$ 1,087
Senior Notes	849
Subordinated Notes	1,456
Other	17
<b>Total LT Debt at 9/30/06</b>	<b>\$ 3,409</b>

- Next Maturity 2010
- Weighted Average Maturity 7 Years
- Weighted Average Cost- Pretax 6.9%
- Fixed Rate Debt 81%
- Incremental Borrowing Rate – 200 bps over Libor



## Projected Y/E Debt Balance ( in millions)

9/30/06

Balance at 9/30/06	\$ 3,409
Midpoint Cash Flow Guidance	(138)
Development Expenses/Preopening Exp.	2
Development Cap Ex and Advances	97
Maintenance Cap Ex	13
Interest	22
Dividends	17
<b>EST. LT Debt Balance 12/31/06</b>	<b><u><u>\$3,422</u></u></b>

\* Assumes no Purchase of Land, Additional Stock Acquisition, Acquisitions or Other  
Capital Expenditures Beyond That Currently Disclosed.



## Land Held for Development

( in millions, Except per Share Data)

9/30/2006

<u>Acres</u>	<u>Location</u>	<u>Cost</u>	<u>Cost Per Share</u>
528	Total Held for Development	\$ 265.4	
54	Land In Aliante JV	47.3	
68	Wild Wild West (in PPE)	149.1	
<u>650</u>	<u>Total</u>	<u>\$ 461.8</u>	<u>\$ 7.67</u>

Assumes 60.2 Million Shares Outstanding

Excludes Two Parcels in Escrow Located in Reno, Nevada.

Wild Wild West Land Includes 19 Acres From Pending Lease Buyout

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

## Land – Basket of Value

( in millions, Except per Share Data)

9/30/2006

Est. FMV Range

<u>Acres</u>	<u>Location</u>	<u>Low</u>	<u>High</u>
228	Las Vegas Sites	\$ 518	\$ 674
54	Land In Aliante JV	47	47
40	Excess Land	60	81
300	Reno and Other	70	115
68	Wild Wild West	340	543
<b>690</b>	<b>Total</b>	<b>\$ 1,035</b>	<b>\$ 1,460</b>

**Per Share \$ 17.19 \$ 24.25**

Assumes 60.2 Million Shares Outstanding. FMV Determined by 3rd Parties

Excludes Two Parcels in Escrow Located in Reno, Nevada.

Wild Wild West Land Includes 19 Acres From Pending Lease Buyout



## Land and Other Assets – Basket of Value

( in millions, Except per Share Data)

9/30/06

Location	Est. FMV Range	
	Low	High
Land Held for Development	\$ 1,035	\$ 1,460
Advances to Tribes	178	178
<b>Total</b>	<b>\$ 1,213</b>	<b>\$ 1,638</b>
<b>Per Share</b>	<b>\$ 20.15</b>	<b>\$ 27.21</b>

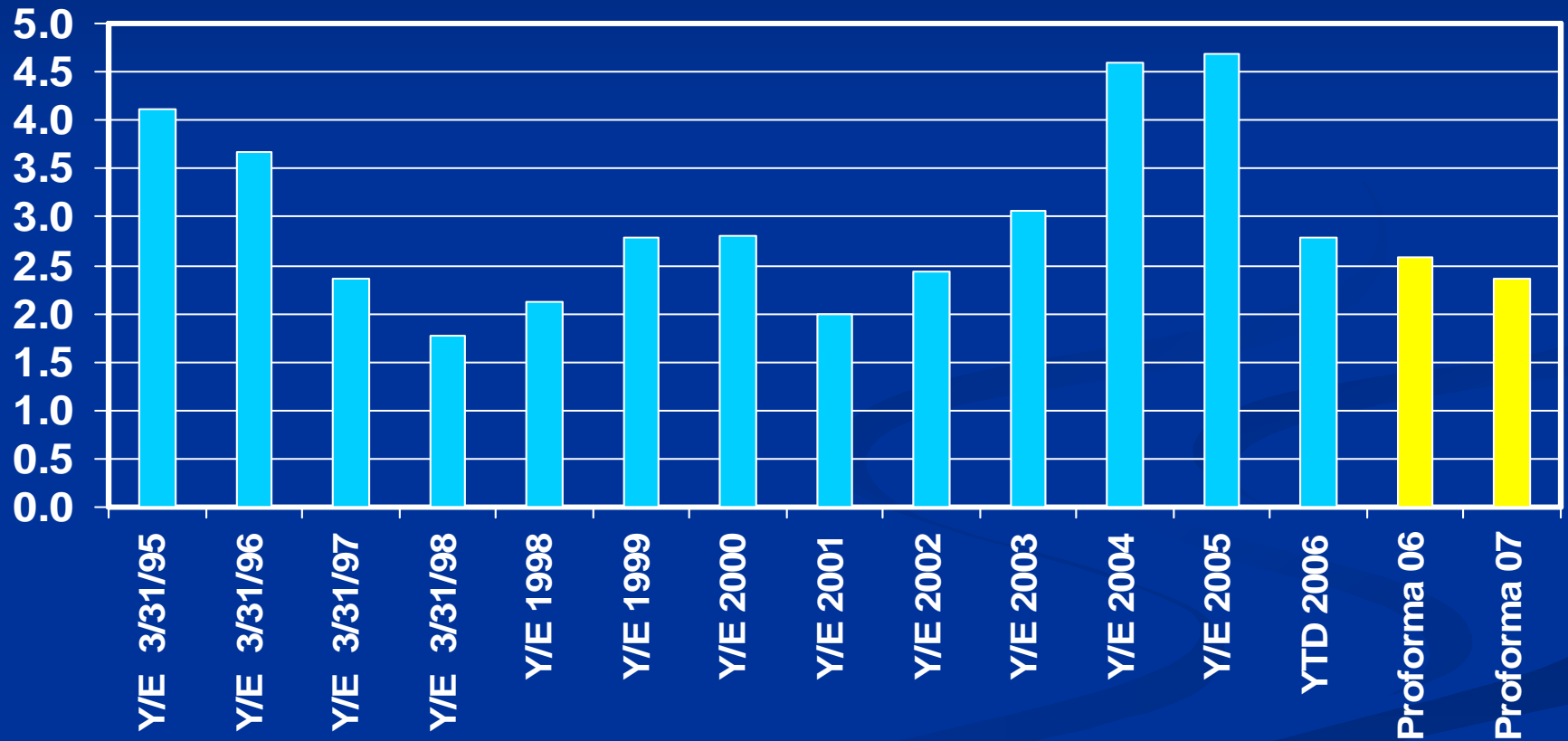
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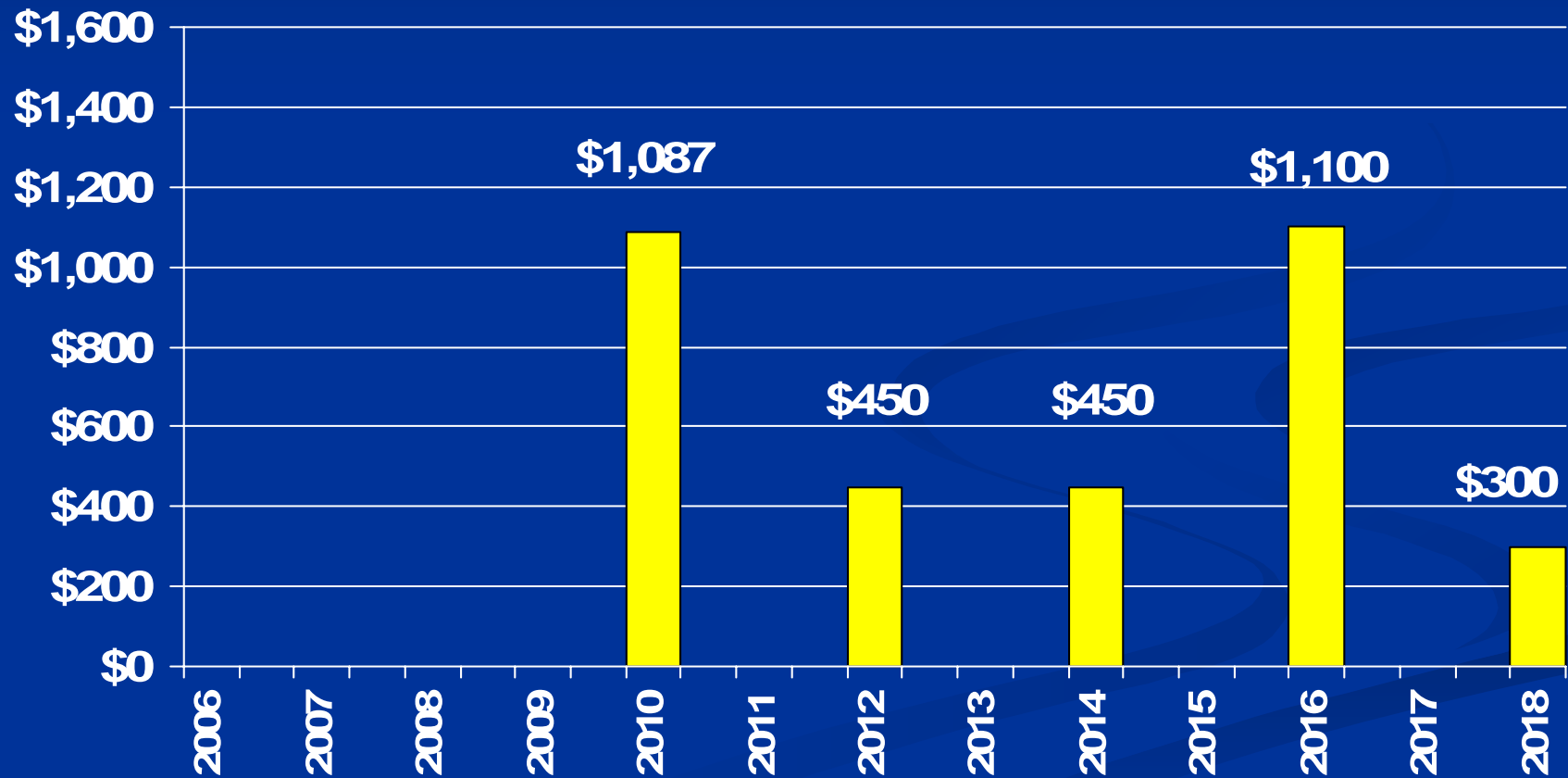


## Historic and Proforma Times Interest Coverage





## Debt Maturities In Millions 9/30/06

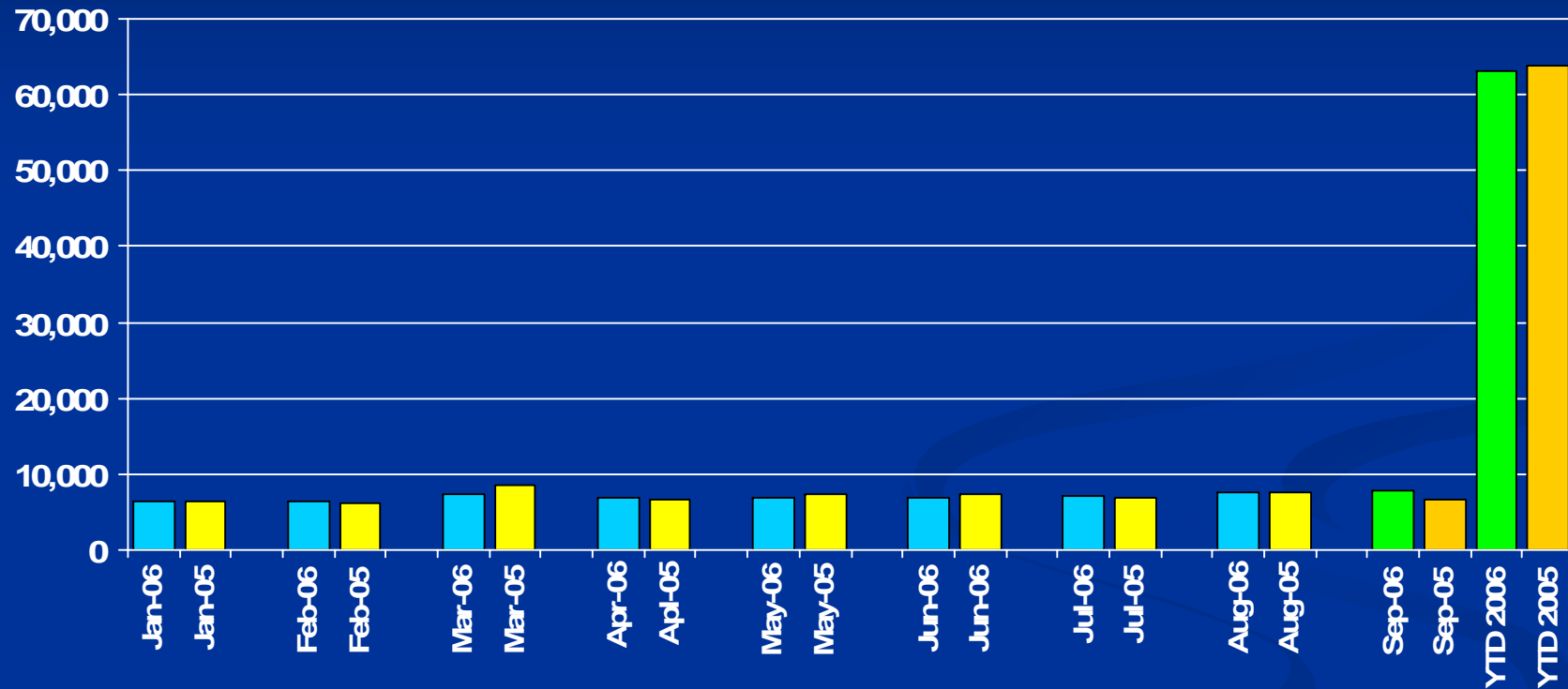


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Las Vegas Franchise



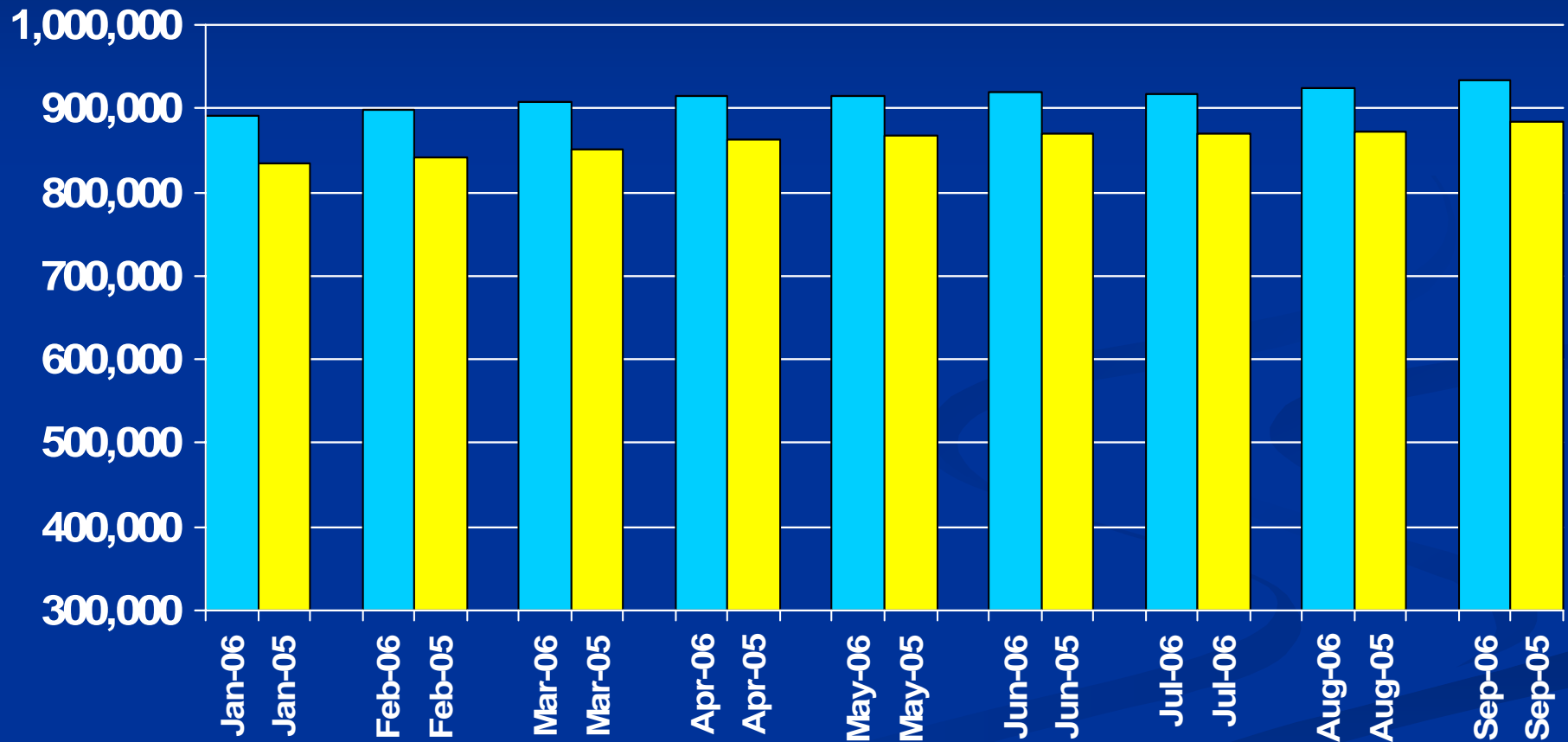
## Population Growth



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



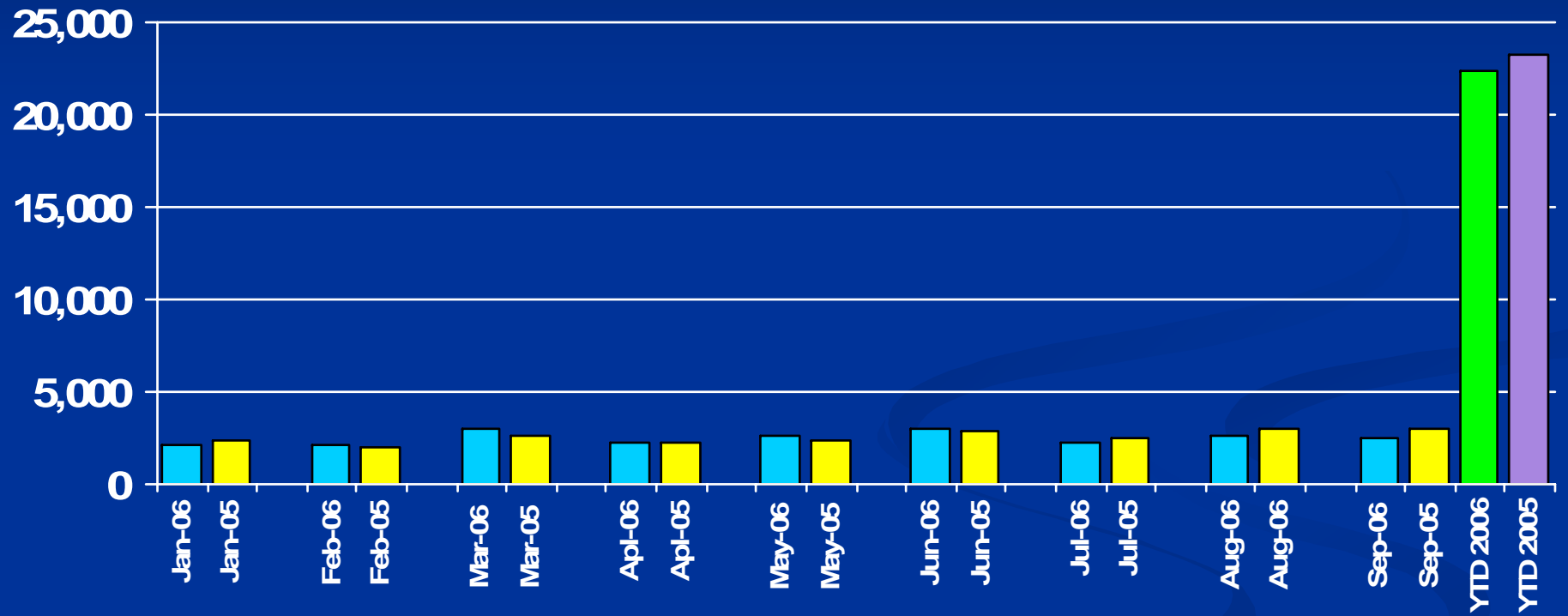
## Employment



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



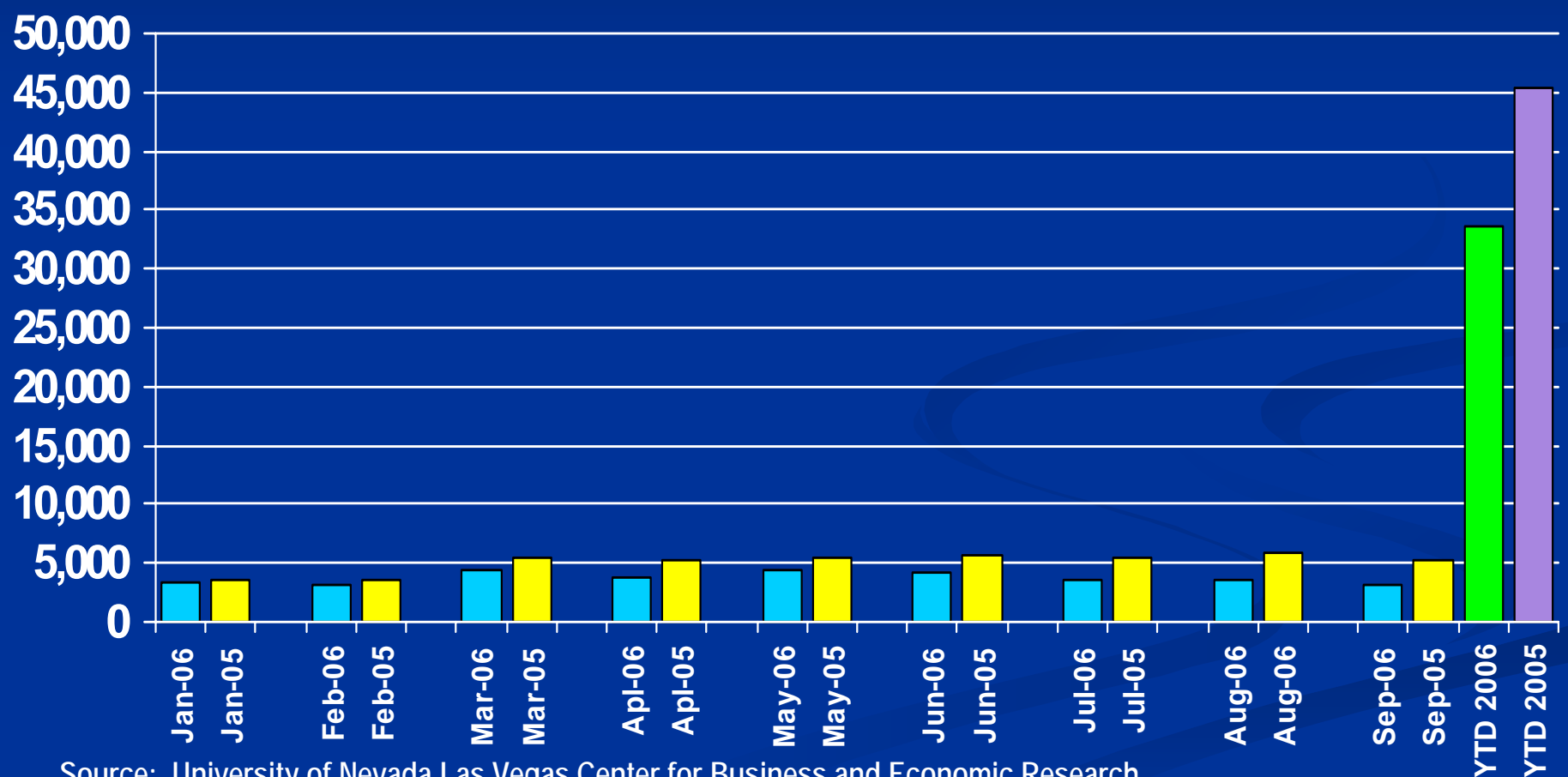
## New Home Sales



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



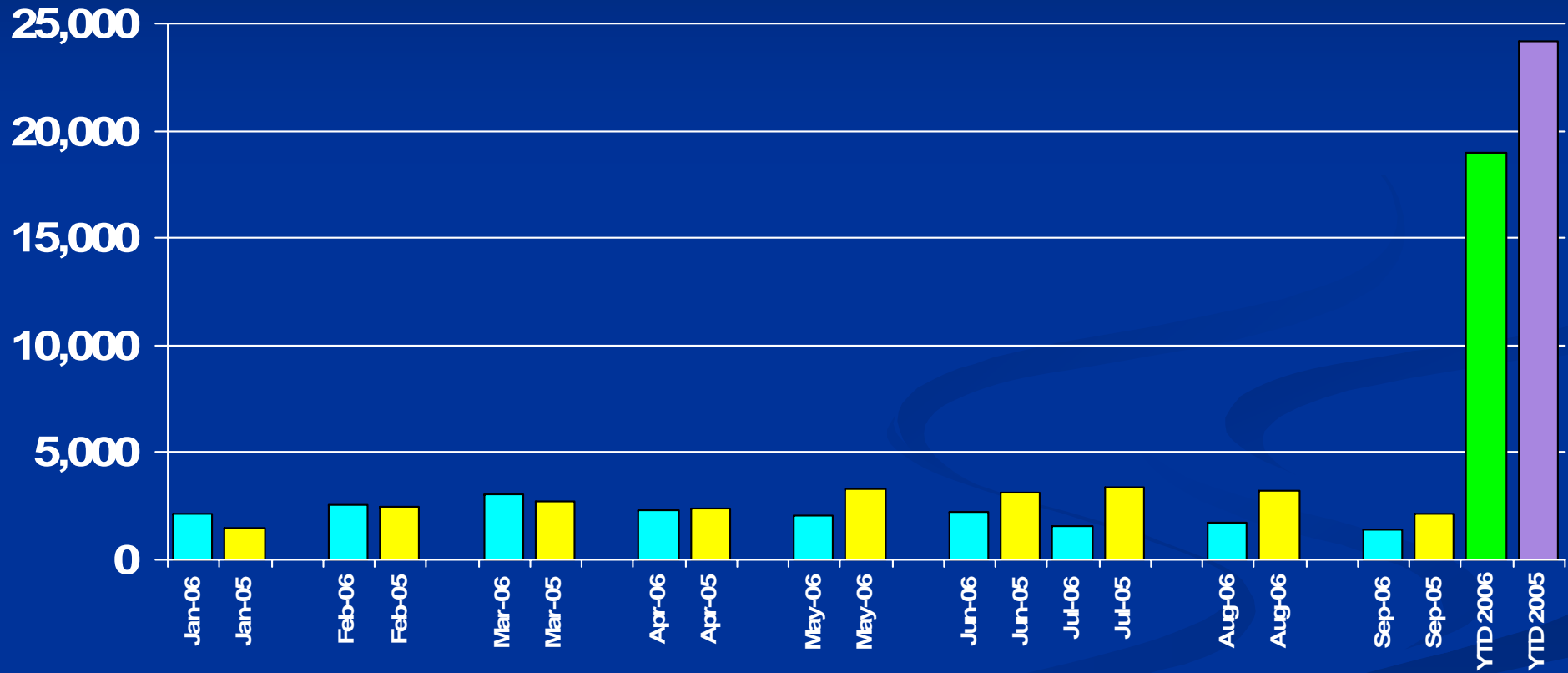
## Existing Home Sales



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



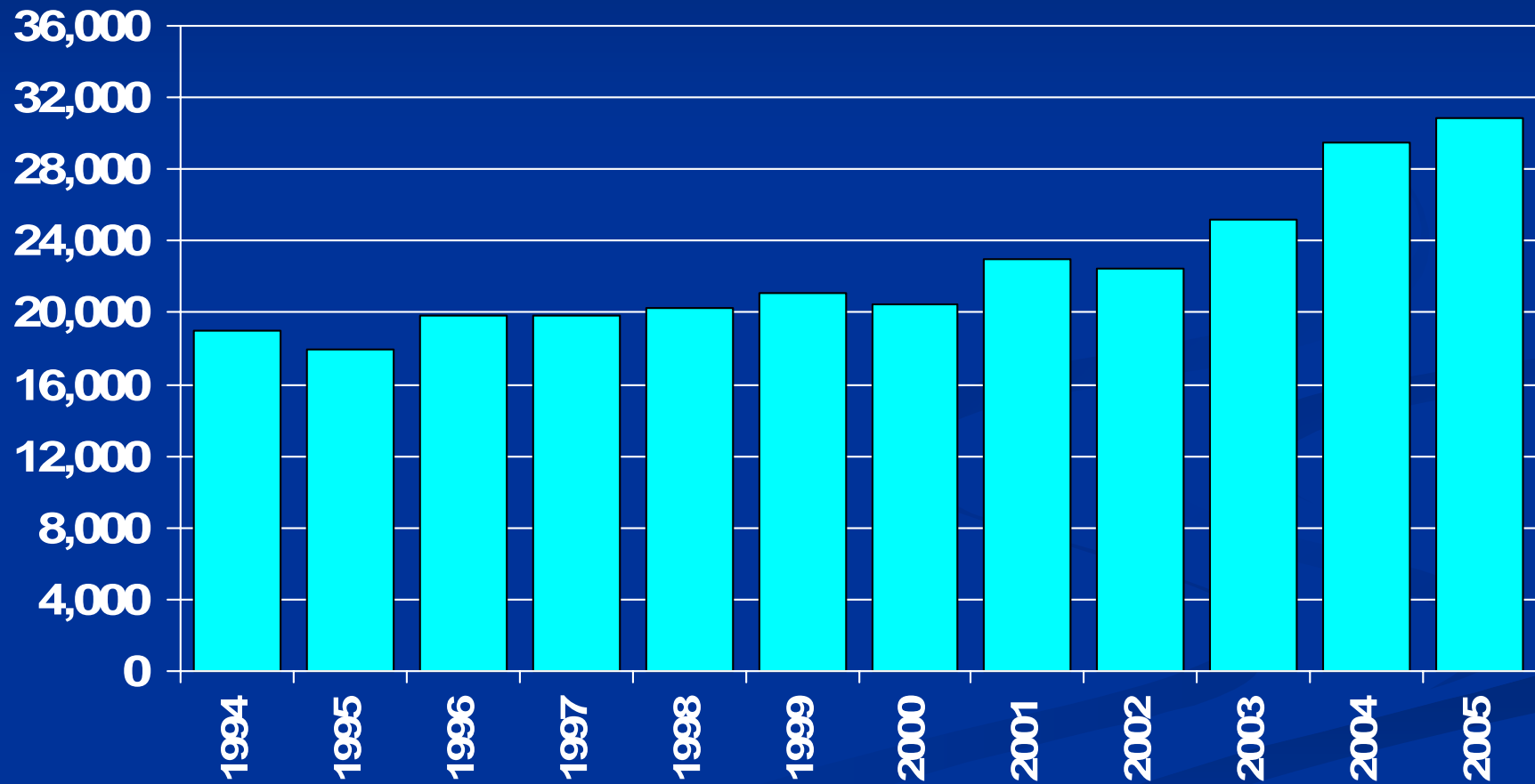
## New Home Permits



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



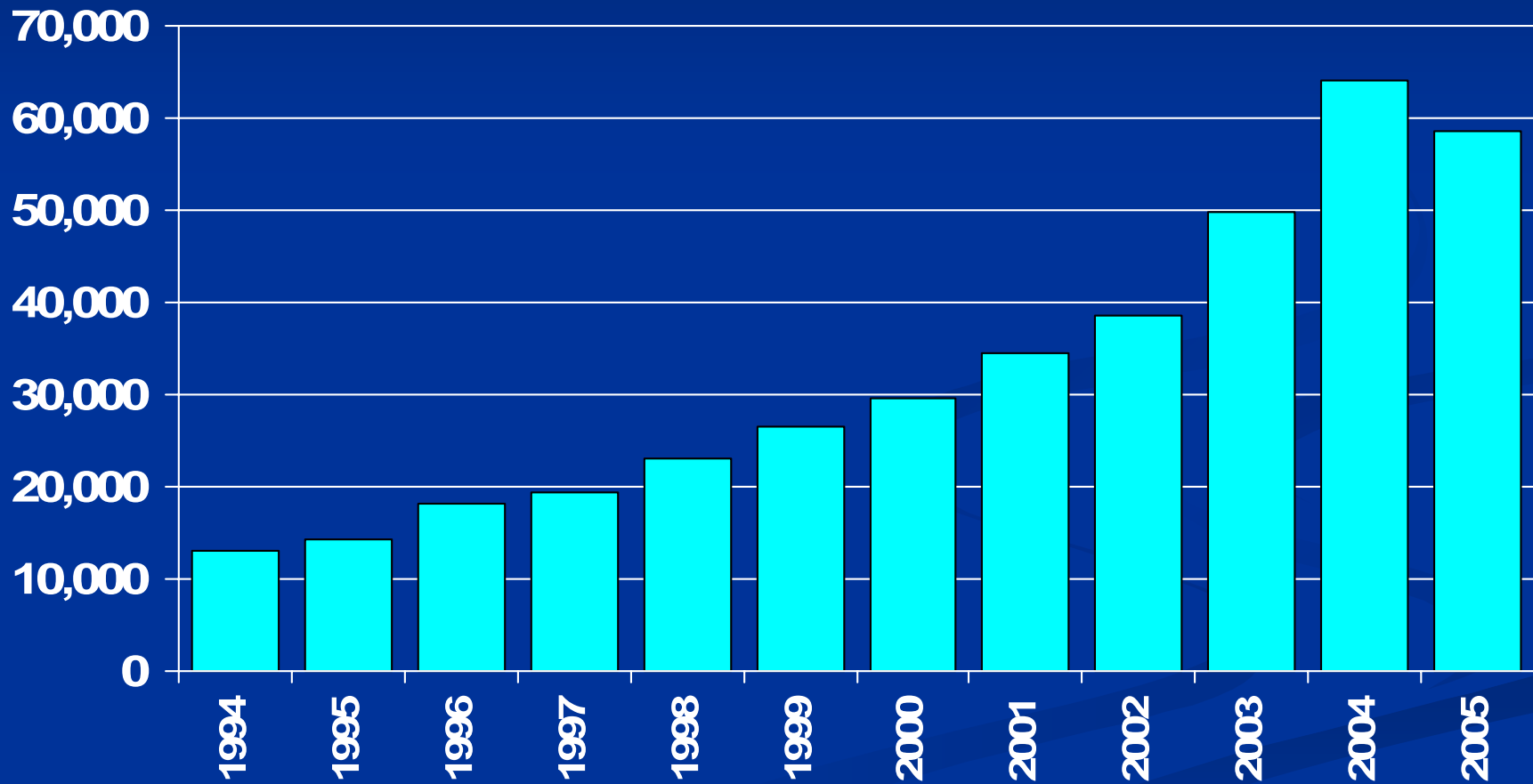
## Annual New Home Sales



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



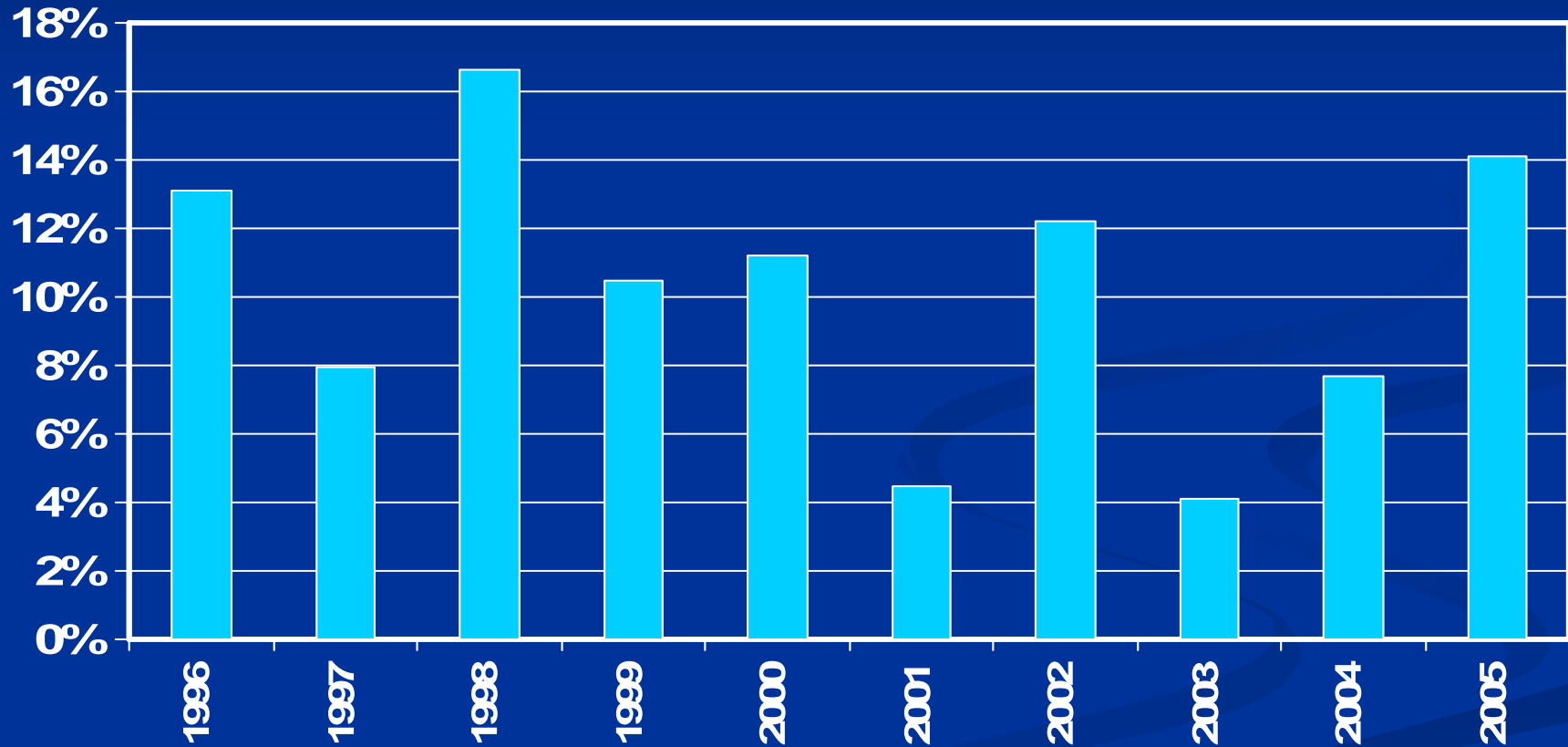
## Annual Existing Home Sales



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



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





## Growth Opportunities – LV Operations

### Organic Growth

- Population Growth Generally
- LV Fastest Growing Community in the Country
- Growth in Retirees – Baby Boomers
- Investment on the Strip – Est. \$25 B Thru 2010



## Positioned for the Future Growth

- Aliante Joint Venture
- Land Portfolio:
  - Durango and I-215
  - Flamingo and I-215
  - Cactus and I-15
  - Boulder Highway
  - South Reno
  - Reno Convention Center
- Master Planned Expansions
- Wild Wild West

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**Ramp Up of Operations From  
Current Development Projects**



## GVR EBITDA - Following a Typical Pattern (in millions)



December 2004 a \$120 Million Expansion Was Added to Green Valley Ranch



## 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**

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**Management Contracts**



## Native American Gaming Contracts

	<u>Location</u>	<u>Current Contract Length</u>	<u>Mgt Fee %</u>
<b>In Operation:</b>			
Thunder Valley	California	3.75 Years	24%

### **In Various Stages of Development:**

Gun Lake	Michigan	7 Years	Variable
Chico	California	7 Years	24%
Graton	California	7 Years	24%
North Fork	California	7 Years	24%



## Revised Cost of Aliante Station

( in millions)

9/30/2006

Original Cost	\$	450
Increased Material Costs		32
Increased Scope Costs:		
More Casino Space		15
More Restaurants		22
Expanded Clubs/Lounges		8
Add Parking Garage		17
Expanded Banquet Space		9
Level of Finish		28
Other		19
<b>Total Revised Cost</b>	<b>\$</b>	<b>600</b>

## “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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