

E-filed: November 1, 2009

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10 Attorneys for Creditor Boyd Gaming Corporation

11 UNITED STATES BANKRUPTCY COURT
12 DISTRICT OF NEVADA

13 In re:
14 STATION CASINOS, INC.,
15 Debtor.

Case No. BK-09-52477 (lead case)
Chapter 11
Jointly Administered
BK 09-52470 through BK 09-52487

- 16 Affects this Debtor
- 17 Affects all Debtors
- 18 Affects Northern NV Acquisitions, LLC
- 19 Affects Reno Land Holdings, LLC
- 20 Affects River Central, LLC
- 21 Affects Tropicana Station, LLC
- 22 Affects FCP Holding, Inc.
- 23 Affects FCP Voteco LLC
- 24 Affects Fertitta Partners LLC
- 25 Affects FCP MezzCo Parent LLC
- 26 Affects FCP MezzCo Parent Sub, LLC
- Affects FCP MezzCo Borrower VII, LLC
- Affects FCP MezzCo Borrower VI, LLC
- Affects FCP MezzCo Borrower V, LLC
- Affects FCP MezzCo Borrower IV, LLC
- Affects FCP MezzCo Borrower III, LLC
- Affects FCP MezzCo Borrower II, LLC
- Affects FCP MezzCo Borrower I, LLC
- Affects FCP PropCo. LLC

LIMITED OPPOSITION TO DEBTORS' MOTION TO EXTEND EXCLUSIVITY, AND LIMITED JOINDER IN MOTIONS OF INDEPENDENT LENDERS FOR AN EXAMINER

Hearing Date: November 20, 2009
Hearing Time: 10:00 a.m.
Place: 300 Booth Street
Reno, Nevada 89509

27 Boyd Gaming Corporation ("Boyd") files this limited opposition to the Debtors' Motion
28 Pursuant to 11 U.S.C. §§ 105(a) and 1121(d), Fed. R. Bankr. Procedure 9014 and Local Rule

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1 9014 for an Order Extending the Debtors' Exclusive Periods Within Which to File a Plan of
2 Reorganization and to Solicit Acceptances Thereto (the "Exclusivity Motion"), filed with this
3 Court on October 23, 2009, and, further, files this related and limited joinder in the *Motion of the*
4 *Independent Lenders¹ to Station Casinos, Inc. for the Appointment of an Examiner*, filed on
5 September 1, 2009, as amended by the *Amended Motion of the Independent Lenders to Stations*
6 *Casinos, Inc. for the Appointment of an Examiner*, filed on September 3, 2009 (as so amended,
7 the "Examiner Motion"). Boyd submits this combined response to the Exclusivity Motion and
8 the Examiner Motion because the subject matter of portions of both motions are closely
9 interrelated for the limited purposes addressed in this response (this "Response").

10 This Response is not intended to block the Debtors' proposed extension of its exclusivity
11 as sought in the Exclusivity Motion. Rather, Boyd seeks only:

- 12 (1) to condition any such extension on certain reforms and cooperation by the Debtors
13 in order to facilitate competition and allow alternatives to any Debtor plan
14 proposal to be developed during that extension, for evaluation by an examiner, the
15 Unsecured Creditors Committee (the "Committee"), and others authorized by this
16 Court;
- 17 (2) to arrange for an examiner to work with relevant parties-in-interest in order to
18 evaluate the merits of potential competing sale plans, or Section 363² purchase
19 alternatives, that may be superior to the Debtors' plan approach; and
- 20 (3) to allow consideration of any further extension (if the present extension is granted)
21 to include any analysis of sale alternatives that have been developed by the
22 examiner or the Committee, as well as to present any views of the examiner or the
23 Committee on how those alternatives compare to the Debtors' plan at that time.³

24
25 ¹ This term is used as defined in the Examiner Motion.

26 ² Unless otherwise specified herein, "Section" references are to sections of the United States Bankruptcy
27 Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code").

28 ³ Boyd does not wish to intrude on the allocation of functions between the Committee and an examiner.
Clearly, the Committee has an important role to play. However, Boyd's experience causes it to believe
that the Debtors may be less cooperative with the Committee or anyone else besides an examiner in the
role of comparing "end-game" alternatives and sharing with potential bidders the data needed in order to
be able to provide bids worthy of consideration.

1 At the end of the process chosen by the Debtors, any proposal by the Debtors should be
 2 tested against alternatives, such as sales, that may be superior and in the best interest of creditors
 3 as a whole. However, if such alternatives are to be developed, the potential buyers or other
 4 proponents of such alternatives need a modest amount of data, none of which would be
 5 competitively harmful to the Debtors' business (and could be intermediated safely by an
 6 examiner, in any event). The benefits of investigating competing alternatives are obvious. Even
 7 if this Court later decides not to allow competing sale or other plans, and if the Debtors continue
 8 to focus on their insider retained-equity plan, the development of such alternatives would still
 9 likely result in the Debtors needing to improve their plan for the benefit of creditors generally in
 10 order to attract the necessary level of creditor support.

11 Since the Debtors have shown little interest in developing alternatives with potential
 12 buyers like Boyd, an examiner appears to be the logical intermediary between the reluctant
 13 Debtors and motivated buyers. Such an examiner can obtain the essential data needed to help
 14 make competing bids concrete, despite the Debtors' non-participation, and can develop and
 15 evaluate such alternatives. When the Debtors have presented their best plan, the examiner
 16 independently could speak to the existence of superior alternatives and address the best process
 17 for maximizing creditor recoveries. Boyd does not wish to intrude on the prerogatives or
 18 activities of the Committee in negotiating solutions to maximize recovery, but a narrowly charged
 19 examiner could help develop useful alternatives for the Committee to consider.

20 **I. CONDITIONS ON EXCLUSIVITY SHOULD BE REQUIRED TO ADVANCE**
 21 **THE PARALLEL CONSIDERATION OF ALTERNATIVES**

22 The Debtors urged this Court, in the Exclusivity Motion, to extend exclusivity to allow the
 23 Debtors to act as an "honest broker" among the various creditor groups. *See* Exclusivity Motion
 24 at 3. In order for the Debtors to serve adequately in such a role, it is clear that they should
 25 consider all appropriate alternative solutions, including sales for cash, and that this Court should
 26 impose appropriate safeguards to help ensure that discussions can continue with respect to the
 27 various options before the Debtors determine their ultimate approach.

28 ///

1 Section 1121 provides that “[o]n request of a party in interest made within the respective
2 periods specified in subsections (b) and (c) of this section and after notice and a hearing, the court
3 may *for cause* reduce or increase the 120-day period or the 180-day period referred to in this
4 section.” 11 U.S.C. § 1121(d) (emphasis added). Although the term “cause” is not defined by the
5 Bankruptcy Code, courts have cautioned that “[e]xtensions are . . . to be granted neither routinely
6 nor cavalierly.” *In re McLean Indus., Inc.*, 87 B.R. 830, 834. Furthermore, “[i]n establishing
7 cause, the debtor bears the burden of proof.” *Id.*

8 Courts have noted that the large “size of the debtors’ operations alone do not warrant an
9 extension.” *In re Curry Corp.*, 148 B.R. 754, 756 (Bankr. S.D.N.Y. 1992) (denying debtors’
10 request for an extension of exclusivity period). One court’s observations regarding the
11 exclusivity period are particularly apt:

12 Congress has attempted through various provisions of the Bankruptcy Code to
13 balance the rights and obligations of a Chapter 11 debtor in possession and its
14 creditors, thus creating a tension among interested parties which will
15 hopefully lead to appropriate administration of and a successful conclusion to
16 the Chapter 11 case. Section 1121 is one of the important sections intended
17 by Congress to create such tension. The debtor is given a 120-day breathing
18 spell in which it exclusively can file a plan. However, at the expiration of the
19 120 days, any party in interest can file a plan... Congress attempted to strike a
20 careful balance in this section which was intended to put a certain amount of
21 pressure on the debtor. While Congress has given the Bankruptcy Court the
22 authority to extend or shorten the time, I see nothing special in this case to
23 alter the Congressional policy nor any cause to increase the time as requested
24 by the debtor. The debtor argued at the hearing that it needed more time in
25 order to develop its plan. Section 1121 does not create a deadline for filing a
26 plan; the debtor is free to take as much time to develop and file its plan as it
27 feels appropriate. The risk is, of course, that while it is developing its plan,
28 another party in interest will file a plan. However, that is as Congress
intended.

22 *In re Tony Downs Foods Co.*, 34 B.R. 405, 407-08 (Bankr. D. Minn. 1983). “Section 1121 was
23 designed, and should be faithfully interpreted, to limit the delay that makes creditors the hostages
24 of Chapter 11 debtors.” *In re Timbers of In Wood Forest Assoc.*, 808 F.2d 363, 372 (5th Cir.
25 1987), *aff’d*, 484 U.S. 365 (1988); *see also In re Curry Corp.*, 148 B.R. 754, 755 (Bankr.
26 S.D.N.Y. 1992); *In re Lake in the Woods*, 10 B.R. 338, 343-45 (E.D. Mich. 1981).

27 For the reasons explained below, Boyd suggests that any extension of exclusivity be
28 matched with a parallel process whereby alternatives can be developed with competing bidders

1 by an examiner and the Committee. The goal should be to achieve an understanding of the
 2 realistic alternatives, if after the proposed extension now at issue, any further extensions are
 3 requested by the Debtors. Any extension now should be conditioned on the Debtors'
 4 cooperation in the development of such alternatives for evaluation by the examiner and other
 5 appropriate parties. Indeed, since the Debtors have announced their commitment to serving as
 6 "honest brokers," the Debtors naturally should wish to cooperate with proponents of the various
 7 alternatives so that creditors could receive the benefit of the Debtors' having considered all
 8 viable options, include sales.

9 **II. CORRECTION OF THE RECORD REGARDING THE DEBTORS'
 10 HISTORICAL RESISTANCE TO COMPETING ALTERNATIVES, INCLUDING
 11 THOSE PROPOSED BY BOYD**

12 The Examiner Motion raised the issue of whether the Debtors had discouraged potentially
 13 superior sale opportunities, such as Boyd's expressed purchase interest. See Examiner Motion
 14 (9/3/09) at ¶¶ 42-44 and related exhibits attached hereto as Exhibit A. The Examiner Motion
 15 explains Boyd's \$950,000,000 proposal to purchase some or all of the Debtors' and/or their
 16 affiliates' assets on a highly flexible basis. As a successful competitor of the Debtors, having a
 17 skilled management team with extensive experience in the industry, ample motivation to
 18 consummate a sale, and sufficient available cash to pay any appropriate price for any or all of the
 19 "OpCo" and/or "PropCo" assets, Boyd has been properly recognized by the Independent Lenders
 20 and others as the ultimate "strategic" buyer. That situation continues unchanged, and, when
 21 permitted, Boyd remains keenly interested in having a chance to participate in an alternative sale
 22 plan that offers an attractive recovery for creditors.

23 However, the Debtors' opposition to the Examiner Motion, filed on September 25, 2009,
 24 asserted at pp. 15-16 that the Debtors had given "due consideration" to Boyd's proposal:
 25 "Fallacy #6: The Debtors Improperly Rebuffed Boyd's Interest in the OpCo Assets. Reality:
 26 Due Consideration Was Given to Boyd and Will be Given to Any Other *Bona Fide* Offers." The
 27 Debtors unfairly criticized Boyd's "indication of interest" as being "non-binding, nonspecific and
 28 highly conditional," repeating statements they made in a March 3, 2009 letter to Boyd and

1 publicly filed in their March 3, 2009 current report on form 8K. However, rather than justifying
2 the Debtors' refusal to engage in any meaningful discussions with Boyd, the Debtors' statements
3 ignore a critical fact—that the Debtors' lack of meaningful cooperation has made it impossible
4 and commercially impractical for Boyd to be able to make the kind of specific, binding, and
5 substantially unconditional bid that Boyd was and is eager to make. No rational buyer would
6 make a binding and unconditional offer to buy assets of a business like Station and its affiliates
7 without doing due diligence, particularly in a falling market under the circumstances.⁴ No
8 rational buyer would "negotiate against itself" by setting a final price without anyone on the other
9 side of the negotiations.

10 Exhibit B hereto contains examples of the kind of modest data that Boyd would expect
11 any buyer to need in order to help make a binding offer, which Boyd itself hopes to be able to
12 make under the proper circumstances when exclusivity ends. If the Debtors continue to be
13 uninterested in such negotiations, Boyd could be useful to the estate, for example, by proposing a
14 creditor plan of reorganization after the Debtors' exclusivity period ends. Clearly, the offer of an
15 actual strategic buyer is a better determinant of available value for creditors than the hypothetical
16 valuation of an appraiser. Indeed, it is doubtful that anyone could be more expert than Boyd at
17 valuing the Debtors' business and assets, particularly if the relevant data were available. Boyd's
18 views, thus, should be of particular interest to creditors.

19 It is understandable that the Debtors would have concerns about sharing data with their
20 competitor even with the customary confidentiality agreement. However, an examiner would
21 quickly conclude that there is little or no danger to the Debtors' estate in sharing with the
22 examiner the kind of data sought by Boyd, which data the examiner could use as appropriate in its
23 dealings with any potential buyers. Since competition is good for improving pricing, facilitating
24 competition would seem to be in the best interest of creditors generally. A sophisticated examiner

25 ⁴ There is no reason for Boyd to debate here the reasons why—like any sophisticated buyer—it would
26 insist on doing its own due diligence before making a binding commitment. Even if Boyd were not
27 skeptical of certain of the Debtors' financial and other public data compared to the actual value and other
28 concerns of any reasonable buyer, Boyd's acquisition (or that of any other buyer) would need to be based
on values at a level of detail not publicly reported. This is not a criticism of the Debtors' accounting, but
rather an observation that such accounting may not correspond to value of the type that would interest a
buyer.

1 could determine what information would be proper for the Debtors to share with potential buyers
2 in order to achieve an understanding of pricing alternatives, which in turn would assist the
3 examiner, the Committee, or others in recommending a future course of action as they deem
4 appropriate.

5 **III. THIS COURT AND THE PROPOSED EXAMINER CAN IMPROVE RESULTS**
6 **FOR CREDITORS AND AID THE COMMITTEE**

7 Boyd acknowledges that, because it is a potential buyer as well as a creditor, this Court
8 may wish to hear from the Committee and other creditors as well about what they perceive to be
9 in the interest of creditors. Nevertheless, it is clear that competition for assets almost always
10 creates results that are in the best interest of creditors as a whole. Actual competition can also
11 drive up the price and improve terms for creditors, the prospect of which would motivate the
12 Debtors to improve results for creditors as well.

13 In the context of the exclusivity and examiner motions, this Court has an opportunity to
14 properly balance the rights of creditors with the rights of the Debtors. Boyd wishes simply to
15 emphasize to this Court that competition could improve results for all parties-in-interest, if this
16 Court uses the examiner to facilitate and regulate the competition, working, of course, with the
17 Committee and others. This would allow the examiner to manage the due diligence process so as
18 to enable potential bidders to access appropriate data, while avoiding complaints by the Debtors
19 about bids like Boyd's being "too conditional."

20 While the Debtors may prefer to avoid dealing with the competition or working with real
21 valuation data at this time, Boyd respectfully requests that this Court consider (1) the benefits of
22 competition for all parties-in-interest; (2) the need for realistic valuation data in a falling market
23 in the Debtors' business, particularly with the substantial costs and pressures of a bankruptcy
24 proceeding as these Debtors have elected to manage it; and (3) the ability of an examiner to add
25 value by evaluating alternatives and regulating data flow to provide useful information for the
26 estate from potential purchasers.

27 If this Court were to grant the narrow relief necessary to maximize value for creditors,
28 then Boyd would be ready, willing, and able to negotiate alternatives with an examiner (and, if

1 they wished, the Committee and others) about due diligence and bidding values. If there is an
2 eventual end to exclusivity (or if the Debtors change their minds and become open to meaningful
3 negotiations with Boyd), Boyd would be eager to compete. However, absent an examiner to
4 evaluate the alternatives and work with Boyd and any other potential buyers, it is unclear how or
5 when Boyd or others would ever have a chance to provide the most relevant and important data to
6 creditors—specifically, the value that could be achieved through sales, and how and when that
7 competition best could be authorized and arranged in time to matter.

8 While Boyd joins in this limited aspect of the Examiner Motion, Boyd believes that the
9 highest priority issue currently before this Court is to evaluate sale alternatives that realistically
10 could compete with the Debtors' attempts to reorganize with insider-retained equity. In order for
11 an examiner to be able to conduct such a value study and to evaluate alternatives, it is necessary
12 for the examiner to enable informed negotiation with potential buyers like Boyd. Such informed
13 negotiation requires at least two tasks for the examiner. First, the examiner would need to be able
14 to answer the modest due diligence questions of the potential buyers (for example, the questions
15 specified on Exhibit B) in order to inform their value analyses. Second, the examiner would need
16 to be able to engage in meaningful negotiations with the potential bidders themselves in order to
17 devise the more attractive alternatives for the examiner's study, ideally in collaboration with the
18 Committee and other creditors, since Boyd is flexible in its approach and alternatives.

19 As part of that process, the examiner also should be able to negotiate with the potential
20 buyers for the most feasible and desirable deals to compete, matching deal structures and
21 preparing bid packages that express the creditors' preferences. Motivated and flexible bidders
22 like Boyd could provide an opportunity for the examiner to frame alternatives that could attract
23 support among creditors to inspire more meaningful negotiations. For example, Boyd could, if
24 permitted, buy any or all of the assets of OpCo and/or PropCo in a variety of possible plan and/or
25 Section 363 transactions.

26 The best way for the examiner to develop an assessment of viable alternatives would be to
27 interview the key parties-in-interest as to their preferences and constraints, and then negotiate
28 with credible potential buyers as to those preferred options. At that point, the examiner could

1 assist in the reorganization process, either (i) to inspire the Debtors to sweeten their deal to be
2 more competitive, or (ii) to realize that there are better alternatives. Parties, like the Committee,
3 who are focused on achieving the best possible recovery may welcome the benefits of
4 competitive data available through this kind of examiner process.

5 **IV. CONCLUSION**

6 Boyd urges this Court to grant the sale evaluation portion of the Examiner Motion and to
7 condition the exclusivity extension on encouraging the Debtors to share data with the examiner in
8 order to enable the examiner to make his or her recommendations for the next phase of the
9 reorganization process. Boyd expects that the expert serving in that role will arrange to provide
10 the data needed for informed bidding, so that potential buyers like Boyd can provide data on
11 value that the Debtors cannot dismiss as being too hypothetical, conditional, or nonbinding. Once
12 exclusivity ends for the Debtors, the current pricing and terms will no longer be obstacles to
13 confirmation of an appropriate plan of reorganization or approval of a beneficial Section 363 sale.
14 Until that time, an examiner is critical to evaluate the potential competition and to ascertain how
15 best to use that competition for the benefit of all parties-in-interest.

16 DATED this 1st day of November, 2009.

17 SNELL & WILMER L.L.P.

18 By:

19 Robert R. Kinas, Esq. (NV Bar No. 6019)
20 Mark E. Konrad, Esq. (NV Bar No. 4462)
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EXHIBIT A

BOYD GAMING CORP

FORM 8-K (Current report filing)

Filed 02/23/09 for the Period Ending 02/23/09

Address	3883 HOWARD HUGHES PARKWAY NINTH FLOOR LAS VEGAS, NV 89169
Telephone	7027927200
CIK	0000906553
Symbol	BYD
SIC Code	7990 - Miscellaneous Amusement And Recreation
Industry	Casinos & Gaming
Sector	Services
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): February 23, 2009

BOYD GAMING

Boyd Gaming Corporation

(Exact Name of Registrant as Specified in its Charter)

Nevada
(State of Other Jurisdiction of Incorporation)

001-12882
(Commission File Number)

88-0242733
(I.R.S. Employer Identification Number)

3883 Howard Hughes Parkway, Ninth Floor
Las Vegas, Nevada 89169
(Address of Principal Executive Offices, Including Zip Code)

(702) 792-7200
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure.

On February 23, 2009, Boyd Gaming Corporation issued a press release announcing that it delivered a non-binding preliminary indication of interest (the "Indication of Interest") to the Board of Directors of Station Casinos, Inc. ("Station"). The press release containing the full text of the Indication of Interest delivered to Station is attached as Exhibit 99.1 to this Current Report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated February 23, 2009.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 23, 2009

Boyd Gaming Corporation

/s/ Josh Hirsberg

Josh Hirsberg

Senior Vice President, Chief Financial Officer and Treasurer

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated February 23, 2009.

**BOYD GAMING DELIVERS NON-BINDING PRELIMINARY INDICATION OF
INTEREST TO STATION CASINOS, INC.**

LAS VEGAS, February 23, 2009 — Boyd Gaming Corporation announced today that it delivered a non-binding preliminary indication of interest (the "Indication of Interest") to the Board of Directors of Station Casinos, Inc. ("Station").

The full text of the Indication of Interest delivered to Station follows:

February 23, 2009

Board of Directors
Station Casinos, Inc.
1505 South Pavilion Center Drive
Las Vegas, NV 89135

Attention: Frank J. Fertitta III, Chairman, President and Chief Executive Officer

Dear Frank:

Boyd Gaming Corporation ("we" or "Boyd") is pleased to submit this non-binding preliminary indication of interest (a "Proposal") with respect to Station Casinos, Inc. ("Station" or the "Company").

Transaction

Boyd is interested in exploring an acquisition of 100% of the OpCo Assets. In addition, should the Company determine to pursue sale transactions with respect to the PropCo Assets, we would consider an acquisition that includes those assets as well. The terms "OpCo Assets" and "PropCo Assets" are defined below under the heading "General."

Rationale

We believe that Boyd is uniquely qualified to operate the assets of Station. We are dedicated to operating first class casino entertainment facilities and have demonstrated this commitment within the Las Vegas market for over thirty years.

Key Assumptions and Value Drivers

This letter is based on publicly available information. We have made numerous assumptions concerning the OpCo Assets, the PropCo Assets and the Land Loan (defined below under the heading "General"). These assumptions include continued operation of the business in the ordinary course.

There are certain key drivers and assumptions that may change our views, either positively or negatively, which we plan to further investigate during a formal due diligence process.

Valuation

Based on available public information, we estimate that the enterprise value of the OpCo Assets is approximately \$950 million. Subject to the completion of a due diligence review to Boyd's satisfaction, including confirmation of the estimated enterprise value of the OpCo Assets, Boyd would be prepared to offer this amount in cash to existing stakeholders to acquire the OpCo Assets following, or as part of, the reorganization of Station. We believe this value would present a superior recovery to the unsecured creditors of Station versus the current Exchange Offer as outlined in the Company's Form 8-K filed on February 4, 2009. We would be interested in pursuing a transaction to acquire the Station assets as either a "stalking horse bidder" pursuant to Section 363 of the Bankruptcy Code or, as a co-sponsor or plan proponent (with Station or other applicable debtor) in a consensual plan of reorganization or, in the alternative, as a competing plan proponent, in each case pursuant to Chapter 11 of the Bankruptcy Code.

Financing

As of December 31, 2008, Boyd had approximately \$2 billion in available liquidity under its Revolving Credit Facility. We have sufficient liquidity to finance a cash transaction consistent with the terms outlined in this Proposal.

Conditions and Approvals

Boyd considers the publicly available information to be very limited, and completion of detailed due diligence may lead us to substantially modify this Proposal or to decide not to make a binding offer.

Boyd envisions that any binding offer would be subject to the satisfaction or waiver of customary conditions, including, the completion of a due diligence review to Boyd's satisfaction; the negotiation and execution of definitive agreements containing terms and conditions satisfactory to Boyd; obtaining all required governmental, regulatory and third-party approvals or consents; and confirmation of the Plan of Reorganization by the Bankruptcy Court pursuant to the provisions of the Bankruptcy Code, or approval of a purchase of the OpCo Assets pursuant to an order of the Bankruptcy Court, among other conditions.

Due Diligence

In order to be in a position to deliver a binding offer, we will need to meet with Station's key managers and visit Station's casino properties. In addition, we and our advisors will need to complete customary commercial, operating, equipment condition, financial, tax, business integration, environmental and legal due diligence. We are confident that we will be able to complete our due diligence expeditiously once detailed due diligence information is made available to us. In doing so, we will seek to minimize any disruption to the business of the Company.

Timing

The submission of this Proposal has been approved by Boyd's Board of Directors, and the Proposal has the full attention of Boyd management. We are prepared to commit the necessary resources to complete a transaction as quickly as possible. Boyd's financial and legal advisors are prepared to immediately commence the due diligence process and proceed expeditiously. Following execution of a definitive purchase agreement, we anticipate consummating a transaction promptly following receipt of all required consents and approvals, including those approvals required by the Bankruptcy Court and the Nevada Gaming Commission, Nevada Gaming Control Board and other regulatory bodies.

Financial Advisor

Boyd has retained UBS Securities LLC as its financial advisor in connection with its evaluation of Station. Responses to or questions regarding this non-binding Proposal should be directed to:

James Stewart
Managing Director
UBS Securities LLC
Phone: 310.556.6720

Soren Reynertson
Managing Director
UBS Securities LLC
Phone: 212.821.3467

General

For purposes of this Proposal, "OpCo Assets" means all of Station's assets other than (i) the assets that secure the CMBS mortgage loan and related mezzanine financings, due November 12, 2009 (the "PropCo Assets"), and (ii) the assets that secure Station's \$250 million delay-draw term loan due February 7, 2011 (the "Land Loan").

This Proposal is a non-binding indication of interest only, and does not constitute a binding or enforceable agreement to consummate, or to negotiate, submit a binding offer or otherwise proceed with, any transaction. We will be legally bound only when and if we execute a definitive agreement in form and substance satisfactory to Boyd and subject to the conditions contained therein. This letter does not create a binding legal obligation on Boyd to make a binding offer, enter into a definitive agreement, complete any transaction or in relation to any other matter. Among other things, any legal obligation binding on Boyd will be subject to approval of our Board of Directors and execution of a definitive agreement satisfactory to us in our sole discretion.

We are enthusiastic about the opportunities presented by our Proposal and we look forward to hearing from you at your earliest convenience.

Yours sincerely,

Boyd Gaming Corporation

Keith E. Smith
President and Chief Executive Officer

William S. Boyd
Executive Chairman of the Board of Directors

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Forward Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements contain words such as "may," "will," "might," "expect," "believe," "anticipate," "could," "would," "estimate," "continue," "pursue," or the negative thereof or comparable terminology, and may include (without limitation) information regarding Boyd's expectations, goals or intentions regarding the future, including, Boyd's preliminary non-binding indication of interest to acquire certain of the Station assets and the estimated enterprise value of OpCo, among other things. These forward-looking statements are subject to business and economic risk and reflect the current expectations of Boyd, and involve subjects that are inherently uncertain and difficult to predict. Actual results could differ materially from these forward-looking statements because of factors such as: the possibility that Boyd's preliminary non-binding indication of interest will be rejected by Station's board, bondholders or other lenders; the possibility that Station, Station's bondholders or other lenders and Boyd will be unable to reach agreement on the terms of the sale of certain Station assets; the possibility that, even if Boyd does enter into a transaction with Station, the transaction will not close or that the closing may be delayed; the effect of the announcement of the preliminary non-binding indication of interest on Boyd's lenders, strategic relationships, operating results and business generally; the effects of competition, litigation, financial community and rating agency perceptions; changes in laws and regulations; economic, credit and capital market conditions; and other factors described in Boyd's SEC filings (including Boyd's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008) and in Boyd's other current and periodic reports filed from time to time with the SEC. All forward-looking statements in this press release are made as of the date hereof, based on information available to Boyd as of the date hereof, and Boyd assumes no obligation to update any forward-looking statement.

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STATION CASINOS INC

FORM 8-K (Current report filing)

Filed 03/03/09 for the Period Ending 03/03/09

Address	1505 SOUTH PAVILION CENTER DRIVE LAS VEGAS, NV 89135
Telephone	7023672411
CIK	0000898660
SIC Code	7990 - Miscellaneous Amusement And Recreation
Industry	Casinos & Gaming
Sector	Services
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): March 3, 2009

STATION CASINOS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

000-21640
(Commission
File Number)

88-0136443
(I.R.S. Employer
Identification No.)

1505 South Pavilion Center Drive, Las Vegas, Nevada
(Address of principal executive offices)

89135
(Zip Code)

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

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4 (c))

Item 8.01. Other Events.

As previously disclosed, on February 23, 2009, the Company received an unsolicited non-binding preliminary indication of interest from Boyd Gaming Corporation ("Boyd"). On March 3, 2009, the Company advised Boyd by letter that the Company's Board had reviewed Boyd's unsolicited non-binding preliminary indication of interest and concluded that it is in the best interests of the Company and its stakeholders to proceed with the Company's current restructuring plan. The letter noted that the Company's Board has made no determination to pursue, nor has the Company taken any steps toward pursuing, a sale of all or any portion of the Company's assets. Rather, the Company is in the process of soliciting consents from its lenders with respect to a pre-packaged plan of reorganization that would result in a restructuring of substantially all of the Company's debt. A copy of the Company's letter to Boyd is attached hereto as Exhibit 99.1.

The Company announced yesterday that it has entered into forbearance agreements with its bondholders and senior lenders through April 15, 2009, unless earlier terminated pursuant to the terms thereof.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are being filed herewith:

99.1 Response Letter to Boyd Gaming Corporation dated March 3, 2009.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Station Casinos, Inc.

Date: March 3, 2009

By: /s/ Thomas M. Friel
Thomas M. Friel
Executive Vice President, Chief
Accounting Officer and Treasurer

Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Response Letter to Boyd Gaming Corporation dated March 3, 2009.

March 3, 2009

Boyd Gaming Corporation
3833 Howard Hughes Parkway, Ninth Floor
Las Vegas, Nevada 89169

Attention: Keith E. Smith and William S. Boyd

Gentlemen:

The Board of Directors of Station Casinos, Inc., together with our financial and legal advisors, has reviewed Boyd's unsolicited non-binding preliminary indication of interest set forth in your February 23, 2009 letter.

As you know, our Company is in the process of soliciting consents from our lenders with respect to a pre-packaged plan of reorganization that would result in a restructuring of substantially all of our debt. Our Board has made no determination to pursue, nor has the Company taken any steps toward pursuing, a sale of all or any portion of the Company's assets.

In reviewing Boyd's indication of interest letter, the Board considered, among other factors, the non-specific, non-binding and highly conditional nature of the Boyd proposal, the risks to the Company in sharing sensitive and confidential information with a significant competitor, and the uncertainties and timing risks associated with pursuing the proposal, including the feasibility of obtaining necessary third party consents and required regulatory, antitrust and other governmental approvals. The Board also considered the potential harm that would result to the Company's stakeholders if such a proposal was delayed or could not be completed, whether as a result of the foregoing factors or Boyd's potential inability to perform due to its own financial position.

In light of the foregoing, and for other valid considerations, our Board has concluded that it is in the best interests of the Company and our stakeholders to proceed with the current restructuring plan.

Should circumstances change, we will contact you.

Sincerely,

/s/ Frank J. Fertitta III

Frank J. Fertitta III

05-Aug-09
11:50

Boyd Gaming executives reiterate interest in Station assets; not looking to sell Echelon development

Story:

Boyd Gaming executives today reiterated their interest in Station Casinos' assets in bankruptcy, and said they were reviewing options for Boyd's Echelon development, although a sale was not an option being considered at this time.

"[Station's] filing does not change the fact we remain extremely interested in pursuing a transaction that makes sense for us," Boyd CEO Keith Smith said on today's conference call. "We remain actively engaged with various parties. As the bankruptcy process continues and the creditors consider their options, they know Boyd Gaming remains serious and committed in being an active participant."

With regard to Boyd's USD 4.8bn Echelon project in Las Vegas, which has been suspended since last August, Smith said the company continues to review its options and is investigating alternative design approaches. He dismissed a question of whether the company was considering a sale of the project, however, saying "we haven't contemplated that at this point."





"I think when we suspended the project just about a year ago, we talked about the fact we'd be looking at a number of options including phasing opportunities for the project, including what the equity may look like - joint ventures, other partners, whether what the size and the scope of a future project may look like, and we continue to investigate all of those things," he said. In the meantime construction remains suspended, he added.

Although Boyd focused on its interest in Station's assets during the call, Smith said the company was not limiting itself to those assets. He said the company continued to look at assets in other parts of the country with attractive pricing, although targets have been scarce. "Quite frankly we just haven't seen anything yet," he said. "In many cases pricing hasn't come down to levels that we think is appropriate to purchase an asset in this market."

"We view acquisitions as an option, not a requirement," Smith said.

Source: Company Conference Call
Intel. Grade: Confirmed
Intelligence ID: 846249

Dealscope potential activity analysis

	Station Casinos Inc
	Boyd Gaming (Echelon development)
	Boyd Gaming Corporation
	Boyd Gaming Corporation

Boyd Gaming Corporation is in Stressed Debt

Balance Sheet & Docs Timetable

Station Casinos Inc is in CH11-Restructuring

Balance Sheet & Docs Restructuring Details Tear Sheet

Request Tear Sheet

Debtwire only provides Tear Sheet on companies that have public financial statements

EXHIBIT B

EXHIBIT B

EXHIBIT B

Preliminary Due Diligence Request Items

Due Diligence Items:

- Historical monthly financial statements, by property, for the last three years
- Historical financials relating to each joint venture, management agreement, Native American contract, and other investments / arrangements for the last three years
- Historical corporate expense detail, including expenses allocated to properties and vice versa, for the last three years
- Details of historical capital expenditures, by facility, for the last three years
- Schedule of all leases of real and material personal property to which the Company is either a lessor or lessee, specifying rental payment amounts, expiration dates, purchase or put options, renewal options, and similar information
- Schedule of all liabilities and obligations not appearing on the Company's balance sheet, including all unasserted and/or threatened claims, and such matters as leases, guarantees, letters of credit, unfunded pensions, deferred payments, off-balance sheet financings, etc., and copies of all related agreements
- Schedule of agreements, contracts, and/or transactions with affiliates, related parties, known associates, and/or otherwise third parties negotiated in a manner not considered in the ordinary course of business (e.g., subject to company standard vendor procurement/bid requirements) or that contain terms and conditions not considered arm's-length in nature
- Details of any known or potential material tax obligations that have or may arise from legacy transactions, as a result of any reorganization, recapitalization, recharacterization, reconstitution of OpCo, PropCo, LandCo or any combination thereof as a consolidated entity, or any similar transaction
- Copies of documents relating to possible significant environmental compliance and pollution issues and claims, including, without limitation, correspondence and filings with U.S. federal, state or local governmental agencies and internal consultant reports regarding same; copies of files, correspondence, memoranda, agreements, analyses, notices, reports and other information relating to environmental compliance, pollution, exposure, violations, fines and penalties; description of any citations (including, without limitation, notices of violation), orders, judgments or civil or criminal penalties by any federal, state or local agency relating to significant environmental matters; description of all significant environmentally-related accidents and description of any existing or reasonably foreseeable employee health and safety concerns or claims arising out of exposure to any such accident.