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STATION CASINOS INC  
Form 8-K  
January 29, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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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): January 29, 2004

STATION CASINOS, INC

(Exact name of registrant as specified in its charter)

Nevada	000-21640	88-0136443
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

2411 West Sahara Avenue, Las Vegas, Nevada	89102
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (702) 367-2411

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N/A

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

ITEM 5. OTHER EVENTS AND REQUIRED FD DISCLOSURE

On January 29, 2004, the Company announced that it has entered into Development and Management Agreements with the Mechoopda Indian Tribe of Chico Rancheria, California (the "Tribe"), a federally recognized Indian tribe. Station will assist the Tribe in developing and operating a gaming and entertainment project to be located in Butte County, California (the "Project"), near the intersection of State Route 149 and Highway 99, approximately 10 miles southeast of Chico, California and 80 miles north of Sacramento, California.

Under the terms of the Development Agreement, Station has agreed to arrange the financing for the ongoing development costs and construction of the Project. Prior to obtaining financing for the Project, the Company expects to advance \$5 million to \$10 million to the Tribe for the acquisition of land and other development costs. Although no firm construction budget has been established,

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the Company expects the total cost of the development and construction of the Project will be less than \$80 million. Funds advanced by Station are expected to be repaid from the proceeds of the project financing or from the Tribe's gaming revenues. The Management Agreement has a term of seven years and provides for a management fee of 24% of the Project's net income. The proposed Project will be located on approximately 650 acres on State Route 149, east of the intersection with Highway 99. As currently contemplated, the Project will include approximately 500 slot machines, 10 table games and dining and entertainment amenities. Station anticipates the gaming and entertainment facility will be open some time during 2005.

On January 28, 2004, the Company reached an agreement in principle to settle a lawsuit brought by Fitzgeralds Sugar Creek, Inc., the City of Sugar Creek, Missouri and Phillip Griffith in December 2000 for \$24.7 million, net of the related tax benefit. The lawsuit centered on allegations of improper conduct by the Company's former Missouri legal counsel, Michael Lazaroff. The Company has asserted a claim against Mr. Lazaroff and his former law firm to recover all damages caused by Mr. Lazaroff's conduct. As part of that claim, the Company intends to seek reimbursement for, among other things, the amount it was required to pay to settle the Fitzgerald's litigation, as well as the attorney's fees and costs incurred by the Company in defending that litigation.

On January 29, 2004, the Company released the following unaudited Condensed Consolidated Balance Sheets as of December 31, 2003 and December 31, 2002 and unaudited Condensed Consolidated Statements of Operations for the three and twelve months ended December 31, 2003 and December 31, 2002.

Station Casinos, Inc.  
Condensed Consolidated Balance Sheets  
(amounts in thousands)  
(unaudited)

	December 31,	
	2003	2002
	-----	-----
<b>Assets:</b>		
Cash and cash equivalents	\$ 62,272	\$ 59,339
Receivables, net	28,224	15,423
Other current assets	43,968	27,747
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Total current assets	134,464	102,509
Property and equipment, net	1,158,299	1,046,051
Other long-term assets	453,209	449,787
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Total assets	\$1,745,972	\$1,598,347
	=====	=====
<b>Liabilities and stockholders' equity:</b>		
Current portion of long-term debt	\$ 22	\$ 122
Other current liabilities	142,294	88,677
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Total current liabilities	142,316	88,799
Revolving credit facility	177,000	177,200
Senior and senior subordinated notes	973,786	973,669
Other debt	6,060	-

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Interest rate swaps, mark-to-market	12,089	14,731
Other long-term liabilities	94,782	73,270
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Total liabilities	1,406,033	1,327,669
Stockholders' equity	339,939	270,678
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Total liabilities and stockholders' equity	\$1,745,972	\$1,598,347
	=====	=====

Station Casinos, Inc.  
Condensed Consolidated Statements of Operations  
(amounts in thousands, except per share data)  
(unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2003	2002	2003	2002
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Operating revenues:				
Casino	\$168,774	\$161,944	\$648,664	\$ 638,113
Food and beverage	35,134	35,823	133,676	133,811
Room	12,960	12,285	50,460	48,579
Other	10,908	10,102	45,943	40,790
Management fees	18,942	1,320	46,711	4,853
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Gross revenues	246,718	221,474	925,454	866,146
Promotional allowances	(16,865)	(19,867)	(67,365)	(73,281)
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Net revenues	229,853	201,607	858,089	792,865
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Operating costs and expenses:				
Casino	68,591	67,573	265,203	258,383
Food and beverage	24,882	20,573	87,783	78,738
Room	4,952	4,750	19,580	19,000
Other	3,802	4,329	15,452	16,276
Selling, general and administrative	41,111	39,796	161,643	161,038
Corporate expense	8,386	8,119	33,039	31,946
Development expense	1,447	-	4,306	-
Depreciation and amortization	18,569	17,933	73,144	72,783
Impairment loss	17,474	4,915	18,868	8,791
Litigation settlement	38,000	-	38,000	-
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	227,214	167,988	717,018	646,955
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Operating income	2,639	33,619	141,071	145,910
Earnings from joint ventures	5,816	3,461	20,604	11,293
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Operating income and earnings from joint ventures	8,455	37,080	161,675	157,203
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Other income (expense):				

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Interest expense	(22,182)	(23,974)	(92,940)	(96,795)
Interest and other expense from joint ventures	(1,993)	(1,533)	(6,409)	(6,272)
Interest income	6	9	4,873	106
Loss on early retirement of debt	(824)	(4,381)	(824)	(5,808)
Other	603	162	1,802	1,322
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	(24,390)	(29,717)	(93,498)	(107,447)
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Income (loss) before income taxes and cumulative effect of change in accounting principle	(15,935)	7,363	68,177	49,756
Income tax benefit (provision)	7,287	(2,823)	(23,834)	(18,508)
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Income (loss) before cumulative effect of change in accounting principle	(8,648)	4,540	44,343	31,248
Cumulative effect of change in accounting principle, net of applicable income tax benefit of \$7,170	-	-	-	(13,316)
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Net income (loss)	\$ (8,648)	\$ 4,540	\$ 44,343	\$ 17,932
	=====	=====	=====	=====
Basic and diluted earnings (loss) per common share:				
Income before cumulative effect of change in accounting principle				
Basic	\$ (0.14)	\$ 0.08	\$ 0.76	\$ 0.54
Diluted	\$ (0.14)	\$ 0.07	\$ 0.72	\$ 0.51
Net income				
Basic	\$ (0.14)	\$ 0.08	\$ 0.76	\$ 0.31
Diluted	\$ (0.14)	\$ 0.07	\$ 0.72	\$ 0.30
Weighted average common shares outstanding				
Basic	60,176	57,912	58,371	57,845
Diluted	60,176	61,388	61,850	60,730
Dividends paid per common share				
	\$ 0.125	\$ -	\$ 0.250	\$ -

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On January 29, 2004, Station Casinos, Inc. issued a press release announcing its financial results for the fourth quarter ended December 31, 2003. A copy of the press release is attached to this Current Report as Exhibit 99.1.

The information, including exhibits attached thereto, in Item 12 of this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 12 of this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933,

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except as otherwise expressly stated in such filing.

Pursuant to the requirements of the Securities and 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: January 29, 2004

By: /s/ Glenn C. Christenson

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Glenn C. Christenson  
Executive Vice President, Chief  
Financial Officer, Chief Administrative  
Officer and Treasurer