

AMENDED AND RESTATED MASTER LEASE COMPROMISE AGREEMENT

This Amended and Restated Master Lease Compromise Agreement (this "Compromise") is entered into as of the 11th day of December, 2009, by and among Station Casinos, Inc. ("SCI") and its wholly owned subsidiaries Boulder Station, Inc. ("Boulder Station"), Charleston Station, LLC ("Charleston Station"), Palace Station Hotel & Casino, Inc. ("Palace Station") and Sunset Station, Inc. ("Sunset Station," and collectively with Boulder Station, Charleston Station and Palace Station, the "Operating Subsidiaries"), on the one hand, and SCI's indirect wholly owned subsidiary FCP PropCo, LLC ("PropCo"), on the other hand. This Compromise amends and restates the Master Lease Compromise Agreement dated as of November 19, 2009, made by SCI and the Operating Subsidiaries, on the one hand, and PropCo, on the other hand. Each of SCI and PropCo make this Compromise as a debtor and debtor-in-possession (sometimes hereinafter SCI and PropCo are collectively referred to as "Debtors" or "Parties"):

RECITALS

1. The Debtors: The Debtors commenced chapter 11 cases on July 28, 2009 (the "Petition Date") in the United States Bankruptcy Court, District of Nevada, which bankruptcy cases currently are being jointly administered under Case No. 09-52477 (the "Bankruptcy Cases"). SCI and its debtor and non-debtor subsidiaries (collectively, the "Station Group") constitute a gaming entertainment enterprise that owns and operates under the "Station" and "Fiesta" brand names.

2. The Leased Hotels: The Station Group operates, among others, (i) Palace Station Hotel & Casino, (ii) Boulder Station Hotel & Casino, (iii) Sunset Station Hotel & Casino, and (iv) Red Rock Casino Resort Spa (collectively, the "Leased Hotels").

3. The Master Lease: PropCo, as landlord, and SCI, as tenant, entered into that certain Master Lease, dated as of November 7, 2007 (as amended as of the Petition Date, the "Master Lease"), under which SCI leases the real property and improvements occupied by the Leased Hotels. The Master Lease is a "triple net" lease under which taxes, insurance, capital

expenditures, and other expenses (in each case as provided therein) are born by SCI. SCI pays rent to PropCo both in the form of cash payments to PropCo and cash payments to third parties on behalf of PropCo, all as required pursuant to the terms of the Master Lease. Payments to be made by SCI to PropCo under the Master Lease are due on the day (the "Rent Payment Date") that is the third (3rd) business day preceding the fifteenth (15th) day of each calendar month. Such rent payments cover the period from the fifteenth (15th) day of the month in which such rent payment is made through the fourteenth (14th) day of the next month (the "Rental Period"). To resolve any potential timing conflict between the December 2009 Rent Payment Date and the current hearing date on the Compromise, PropCo has heretofore agreed with SCI in writing to forbear upon any requirement under the Master Lease that SCI timely pay rent on the original Rent Payment Date for December 2009 provided that rent is paid on the earlier of (i) December 14, 2009 or (ii) the first business day following the hearing date on the Compromise scheduled, and such later date shall be deemed to be the December 2009 Rent Payment Date for all purposes.

4. The Stipulations Extending Time Period To Assume Or Reject

Nonresidential Real Property Leases: On October 23, 2009, the Parties jointly filed a motion for an order, pursuant to 11 U.S.C. § 365(d)(4), to extend the time to assume or reject various unexpired nonresidential real property leases, including the Master Lease (extending the date to assume or reject the Master Lease through February 23, 2010) and the ground lease under which PropCo is a lessee for a portion of the property associated with the Boulder Station Hotel & Casino (extending the date for PropCo to assume or reject that lease through March 24, 2010). Such motion and the related proposed order were approved, subject to the modifications thereto set forth on the record, at a hearing before the Bankruptcy Court on November 20, 2009.

5. The License Agreement: Concurrently with the execution of the Master Lease, SCI and PropCo executed and delivered the License and Reservation Service Agreement (the "License Agreement"), dated as of November 7, 2007, pursuant to which SCI agreed to provide to PropCo, among other things, certain trademarks (both exclusive and non-exclusive),

the use of customer lists and other items identified therein, and the use of SCI's common reservation system (the "Licensed Assets"). In addition to providing the Licensed Assets, without limiting the agreements contained in the License Agreement, SCI also agreed to provide, under certain circumstances, after termination of the Master Lease: (i) an eighteen month license on certain specified trademarks; (ii) non-exclusive use of certain lists of Primary Customers (as defined in the License Agreement) for advertising purposes for an eighteen month period; and (iii) non-exclusive use of SCI's common reservation system for the same eighteen month period.

6. The PropCo FF&E Security Agreement From SCI: Section 12.4 of the Master Lease contains a security agreement, pursuant to which SCI pledged, assigned and granted PropCo a security interest and an express contractual lien in and to (i) all of the personal property (including furniture, fixtures, goods, inventory, equipment, furnishings, objects of art, machinery, appliances, appurtenances and signage together with tools and supplies (including spare parts inventories) related to the Leased Hotels) owned by SCI as described in the Master Lease and (ii) the FF&E Reserve Collateral as defined in the Master Lease (collectively the "SCI Lease Collateral").

7. The PropCo FF&E Security Agreement From The Sublessees: Concurrently with the execution of the Master Lease and the License Agreement, PropCo and the Operating Subsidiaries entered into the Security Agreement (All Furniture, Fixtures and Equipment) (the "Security Agreement") dated November 7, 2007 granting liens on and security interests in all of the personal property (including furniture, fixtures, goods, inventory, equipment, furnishings, objects of art, machinery, appliances, appurtenances and signage together with tools and supplies (including spare parts inventories) related to the Leased Hotels) owned by the Operating Subsidiaries as described in such Security Agreement to PropCo to further secure SCI's obligations to PropCo under the Master Lease and the Sublease FF&E Reserve as defined in the Master Lease (collectively the "Operating Subsidiaries Lease Collateral").

8. The PropCo Mortgage Loan: PropCo entered into that certain Amended and Restated Loan and Security Agreement, dated as of March 19, 2008 (the "Mortgage Loan Agreement"), with German American Capital Corporation and JP Morgan Chase Bank (collectively, the "Mortgage Lenders"), pursuant to which the Mortgage Lenders made loans to PropCo in the aggregate amount of \$1,800,000,000 (the "Mortgage Loan").

9. The SCI Loan: SCI, as borrower, Deutsche Bank Trust Company Americas ("DBTCA"), as administrative agent (the "Prepetition Agent") the other lenders from time to time party thereto (together with DBTCA, the "Prepetition Lenders"), entered into that certain Credit Agreement, dated as of November 7, 2007 (as amended, supplemented or otherwise modified from time to time, the "SCI Loan Agreement"). The SCI Loan Agreement provided for (i) a \$250,000,000 term loan facility and (ii) a \$650,000,000 revolving credit facility.

10. The SCI Forbearance Agreement: On July 28, 2009, SCI and certain of its operating subsidiaries, including the Operating Subsidiaries, the Prepetition Agent and certain of the Prepetition Lenders entered into the Forbearance Agreement¹ pursuant to which the Prepetition Agent and the Prepetition Lenders have agreed (subject to the terms thereof) to forbear from exercising their default-related rights, remedies, powers and privileges against the operating subsidiaries, among other things. SCI desired to enter into the Forbearance Agreement primarily to permit SCI to reorganize in Chapter 11 without the necessity of commencing bankruptcy cases for most of its subsidiaries, including the Operating Subsidiaries.

11. The PropCo Cash Collateral Stipulation: On September 9, 2009, the Bankruptcy Court entered its final order approving the Stipulation And Final Order For (i) Adequate Protection and (ii) Use Of Cash Collateral With Respect To Secured Loans To FCP

¹ "Forbearance Agreement" means the Second Forbearance Agreement; and Second Amendment to the Credit Agreement dated July 28, 2009, as amended, supplemented or otherwise modified from time to time pursuant to the terms thereof.

Propco, LLC, (the “PropCo Cash Collateral Stipulation”), which stipulation was entered into between PropCo, SCI, the Mortgage Lenders and Deutsche Bank AG, as swap counterparty (“DB”). Pursuant to the PropCo Cash Collateral Stipulation, PropCo makes certain adequate protection payments to the Mortgage Lenders, including payment of current interest on the Mortgage Loan and reimbursement of the expenses of the Mortgage Lenders. As additional adequate protection, PropCo and SCI agreed to continue to perform their respective obligations under the Master Lease. In consideration for such adequate protection payments, PropCo was authorized to pay its ongoing operating and reorganization expenses. PropCo also agreed in the PropCo Cash Collateral Stipulation to continue to make periodic payments on the Swap in consideration of DB’s agreement to forbear from terminating the Swap. Continuing payment of the Swap is neither adequate protection for the Mortgage Lenders nor, subject to performance of the termination provisions set forth in the PropCo Cash Collateral Stipulation, a condition to PropCo’s ongoing use of cash collateral under the PropCo Cash Collateral Stipulation.

12. The SCI Cash Collateral Stipulation: On October 13, 2009, the Bankruptcy Court entered its SCI Final Cash Collateral Order.² Pursuant to the SCI Final Cash Collateral Order, SCI is required to submit to the Prepetition Lenders on a regular basis a proposed operating budget for the entire Station Group (the “SCI Budget”) for approval by the Prepetition Agent and the Required Lenders (as defined in the SCI Loan Agreement and referred to herein as the “Required Prepetition Lenders”) as a condition to SCI’s ongoing use of cash collateral. Pursuant to the terms of the SCI Final Cash Collateral Order, the existence at all times of a SCI Budget approved by the Prepetition Agent and the Required Prepetition Lenders is one of the conditions to SCI’s use of cash collateral under the SCI Final Cash Collateral Order. As a

² “SCI Final Cash Collateral Order” means the Final Order Pursuant To 11 U.S.C. §§ 105, 361, 362, 363, 364 and 552 and Fed. R. Bankr. P. Rule 4001(B), (C) and (D) (i) Authorizing the Debtors to (A) Use Cash Collateral; (B) Obtain Unsecured, Subordinated Post-Petition Financing; (C) Make Loans to Non-Debtor Subsidiaries, (ii) Granting Adequate Protection to Prepetition Secured Parties, and (iii) Granting Related Relief entered on October 13, 2009.

result, all payments to be made by the Debtors (other than PropCo) under this Compromise are subject to the SCI Final Cash Collateral Order. If SCI loses consensual use of cash collateral under the SCI Final Cash Collateral Order due to, among other things, expiration of the most recently approved SCI Budget, the Prepetition Lenders would have the right to terminate the Forbearance Agreement and take action against SCI's non-debtor operating subsidiaries and their assets which, in turn, may require such operating subsidiaries to file their own bankruptcy cases. If SCI loses consensual use of cash collateral under the SCI Final Cash Collateral Order, then pursuant to and subject to the terms of, paragraph 15 of the SCI Final Cash Collateral Order, SCI could seek nonconsensual use of cash collateral to make all payments due under this Compromise. Payments will continue to become due and owing under this Compromise whether or not consensual use of cash collateral is permitted under the SCI Final Cash Collateral Order provided, in all cases, that the Master Lease has not been the subject of an entered order approving and/or directing its rejection prior to the due date of such payment and the terms of this Compromise.

13. The SCI Cash Collateral Budget: Since the Petition Date, the Prepetition Lenders have (through approval of SCI Budgets) consented to the full payment of rent under the Master Lease for rental payments due in August, September, October and November 2009. As a result, PropCo has accumulated, net of all adequate protection payments made to the Mortgage Lenders and other operating expenditures permitted under the PropCo budget, tens of millions of dollars, which cash is subject to the liens of the Mortgage Lenders pursuant to the terms of the PropCo Cash Collateral Stipulation. In response to SCI's most recent proposed SCI Budget, the Prepetition Lenders did not consent to the inclusion of the full rent payment amount under the Master Lease due in December 2009 (for the Rental Period of December 15, 2009 to January 14, 2010). The revised proposed SCI Budget (which provides no authority to SCI to pay rent for the Rental Period of December 15, 2009 to January 14, 2010 under the Master Lease) was approved by the Prepetition Agent and the Required Prepetition Lenders on October 15, 2009 and is the budget under which SCI is currently operating. Accordingly, SCI's ability to make any

payments proposed to be made under this Compromise by SCI remains subject to the SCI Final Cash Collateral Order; provided that any and all payments due from SCI under this Compromise shall remain obligations of SCI and shall remain due and owing and, if not paid, constitute a breach of the Compromise by SCI provided, in all cases, to the Master Lease not having been the subject of an entered order approving its rejection prior to the due date of such payment and the terms of this Compromise.

14. The Potential Rejection Of The Master Lease And License Agreement:

Because SCI has no authority under the currently approved SCI Budget to make the rental payment originally due on December 10, 2009, SCI notified PropCo that unless SCI can negotiate a reduction of current cash rent that is satisfactory to the Prepetition Agent and the Required Prepetition Lenders, SCI will have no authority under the currently approved SCI Budget to pay rent under the Master Lease in December and will, therefore, be forced to default under the Master Lease or to seek appropriate relief from the Bankruptcy Court. In the event that such Master Lease default occurs, SCI's board of directors will need to determine whether immediate rejection of the Master Lease and the License Agreement is in the best interest of SCI's stakeholders, and instruct management to take appropriate action.

15. Dispute over Ramifications Arising From Rejection of the Master Lease and License Agreement: The Parties disagree as to the extent, ramifications, and even availability of an immediate rejection of the Master Lease and the License Agreement. It is undisputed that an uncontrolled (or non-negotiated) rejection of the Master Lease and the License Agreement would unduly and unnecessarily harm the Parties' respective bankruptcy estates.

16. Compromise Providing An Interim Period Of Relief: In light of the disputes between the Parties regarding the Master Lease, the License Agreement, the ramifications of a rejection of both the Master Lease and License Agreement, and in furtherance of the mutual goal of providing all the relevant parties in the Bankruptcy Cases the time to negotiate an acceptable, confirmable plan of reorganization that maximizes the benefits to both

the PropCo and SCI estates and resolves issues related to the Master Lease, the Parties believe it to be in their respective best interests to resolve their issues regarding the Master Lease, the License Agreement and the potential rejection of both on an interim basis by providing PropCo a level of transition services if the Master Lease and License Agreement are ultimately rejected, in the hope that the Debtors and their creditors will be able to reach agreement on a consensual plan or plans of reorganizations. This Compromise shall neither (i) limit PropCo's, or its successors and assigns, or any other party in interest, from seeking different or additional transition services to the extent legally provided for under any written agreements between the Parties or other applicable law, nor (ii) limit SCI and the Operating Subsidiaries, or their successors and assigns, or any other party in interest from defending against any such requested relief and taking the position that, except as provided in this Compromise, no additional transition services are legally required under any written agreements between the Parties or other applicable law and nothing herein shall be deemed to modify the PropCo Cash Collateral Stipulation, the SCI Final Cash Collateral Order or the Forbearance Agreement or any of the rights, remedies or privileges thereunder of the parties thereto.

Therefore, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

A. Interim Period Rent Reduction under the Master Lease: Subject to the SCI Final Cash Collateral Order and provided that no order authorizing and/or directing SCI to reject the Master Lease has previously been entered, SCI shall continue to make monthly rent payments to PropCo under the Master Lease on the Rent Payment Date and as required under Bankruptcy Code section 365(d) (3). However, the amount of rent payable in cash to PropCo under the Master Lease in December 2009, January 2010 and February 2010 (the "Deferral Period") shall be reduced for the interim period provided in this Compromise (as so reduced, the "Reduced Rent"). For purpose of clarity, notwithstanding that SCI's ability to consensually use cash collateral to pay rent under the Master Lease is subject to the SCI Final Cash Collateral

Order, SCI's obligation to pay such rent hereunder and under the Master Lease is not subject to the availability of consensual use of cash collateral under the SCI Final Cash Collateral Order and any rent due under the Master Lease, as modified by this Compromise, shall remain due and payable on the applicable Rent Payment Date, provided, in all cases, to the Master Lease not having been the subject of an entered order approving its rejection prior to the due date of such payment. If an entered order approving and/or directing rejection of the Master Lease is entered and, pursuant to this Compromise a payment that became due prior to the entry of such rejection order remains unpaid after the date of entry of such rejection order, then such payment shall remain immediately due and payable notwithstanding the intervening entry of such rejection order.

B. Computation and Payment of Reduced Rent: True Ups: Reduced Rent payable on each Rent Payment Date occurring during the Deferral Period shall be calculated by computing the aggregate EBITDAR³ for the Leased Hotels for the calendar month ending immediately prior to such Rent Payment Date (the "Prior Calendar Month") and deducting therefrom \$1,600,000⁴. In addition, Reduced Rent shall be further reduced on any Rent Payment Date occurring during the Deferral Period by up to \$750,000 in the aggregate during the Deferral Period (the "Restaurant Excess CapEx") for capital expenditures incurred in the Prior Calendar Month in connection with the continuing build out at one of the Leased Hotels of a new restaurant tenant (the "Restaurant Build Out") in excess of the sum of (a) 2.5% of net revenue of the Leased Hotels during such Prior Calendar Month plus (b) \$1,600,000. Reduced Rent for

³ As used in this Compromise, EBITDAR shall be calculated in the manner in which SCI has previously calculated EBITDAR for the Leased Hotels on its books and records.

⁴ The deduction of \$1,600,000 from monthly EBITDAR to calculate Reduced Rent represents a credit for capital expenditures at the Leased Hotels that are made by SCI in excess of the amount required under the lease to be funded into the FF&E reserve. The computation is 1/12th of the difference between projected capital expenditures for fiscal 2009 for the Leased Hotels and the current projection of 2.5% of net revenues that is required to be funded in the FF&E reserve.

each month of the Deferral Period shall initially be paid on the applicable Rent Payment Date on an estimated basis. Upon calculation by SCI of the final aggregate monthly EBITDAR for the Leased Hotels for the relevant Prior Calendar Month, and in no event later than 30 days after the end of each such Prior Calendar Month, SCI shall deliver to PropCo, the Mortgage Lenders and the Prepetition Agent a certification of the final EBITDAR calculation for such Prior Calendar Month together with either a payment of any additional Reduced Rent due for the corresponding Rent Payment Date (a "True Up Payment") or, if the final certified EBITDAR calculation is less than the corresponding assumed EBITDAR for the applicable Reduced Rent Payment Date, a credit to be applied to future Reduced Rent due under this Compromise; provided that if no further Reduced Rent payments are to be made, then PropCo shall immediately reimburse SCI in cash for all such accumulated credits. The aggregate amount of scheduled rent due under the Master Lease that is not paid in cash as Reduced Rent during the Deferral Period (after credit for any amounts paid as a True Up Payment), shall constitute deferred rent ("Deferred Rent"). On March 31, 2010, SCI shall deliver to PropCo, the Mortgage Lenders and the Prepetition Agent a certified reconciliation computing (1) the aggregate amount of capital expenses ("Three Month CapEx") incurred by SCI or the Operating Subsidiaries (net of any insurance recoveries actually received by SCI or its Operating Subsidiaries prior to March 31, 2010) in respect of the Leased Hotels during the calendar months of November 2009, December 2009 and January 2010 (the "Three Month Period") and (2) the net revenue of the Leased Hotels during the Three Month Period, with each such amount computed in the manner currently used by SCI to report capital expenditures at the Leased Hotels to PropCo at the end of each fiscal quarter. The certified reconciliation shall further compute whether Three Month CapEx is less than, equal to or more than the sum of (x) 2.5% of net revenue of the Leased Hotels during the Three Month Period calculated as above plus (y) \$4,800,000 plus (z) the Restaurant Excess CapEx (the sum of (x), (y) and (z) being the "CapEx Cash"). In the event that Three Month CapEx is less than CapEx Cash, SCI shall deliver together with the reconciliation a payment to PropCo in an amount equal the amount by which Three Month CapEx is less than CapEx Cash, but in no event more than

\$4,800,000. If an entered order approving and/or directing rejection of the Master Lease is entered and, pursuant to this Compromise a true up payment or credit with respect to a period occurring prior to the entry of such rejection order would become due and payable after the date of entry of such rejection order, then such true up payment or credit shall remain due and payable notwithstanding the intervening entry of such rejection order.

C. Floor On Reduced Rent: Notwithstanding the formulation of the amount of Reduced Rent as provided in Paragraph B, in no event shall the amount of Reduced Rent required to be paid by SCI to PropCo on any Rent Payment Date during the Deferral Period ever be less than an amount equal to one hundred and twenty percent (120%) of the sum of (i) cash adequate protection payments to the Mortgage Lenders and their respective professionals as required under the PropCo Cash Collateral Stipulation and (ii) PropCo's other cash expenses as contemplated by the budget attached to the PropCo Cash Collateral Stipulation.

D. Authority to Pay Reduced Rent Shall Be Limited To The Interim Period: Unless SCI and PropCo otherwise subsequently agree in a writing approved by the Bankruptcy Court (and provided that the Master Lease has not previously been rejected under Bankruptcy Code Section 365 pursuant to the later of the date that the order authorizing rejection is entered or, if such order included an effective date for such rejection, such effective date), the rent due under the Master Lease in March 2010 and thereafter shall revert to the scheduled rent amounts as provided under the Master Lease before the execution of this Compromise. Payment of such reinstated rent amounts shall be subject to the terms of the SCI Final Cash Collateral Order.

E. SCI Shall Perform All Other Requirements Under The Master Lease: Except for the deferral of payment of Deferred Rent and the payment of the Reduced Rent, SCI shall otherwise continue to perform all of its other obligations to PropCo under the Master Lease during the Deferral Period.

F. PropCo Shall Hold A Claim For Any Deferred Rent; OpCo Shall Hold A Claim For Any Amounts Owed To It: PropCo shall hold a claim against SCI for Deferred Rent, subject to the limitations described in this Compromise. SCI and PropCo further agree, in order

to clarify the status of the Deferred Rent pending assumption or rejection of the Master Lease, that SCI shall not have any obligation to pay the Deferred Rent in cash under Bankruptcy Code Section 365(d)(3), and PropCo: (i) shall forbear from enforcing or collecting any such obligation and hereby waives its right to compel payment of the Deferred Rent under Bankruptcy Code Section 365(d)(3), unless and until the Master Lease is actually assumed; and (ii) hereby waives any right to, and agrees not to, seek payment of Deferred Rent as an expense of administration under Bankruptcy Code Section 503(b) or assert any other priority or secured claim concerning the Deferred Rent, in each case prior to assumption by SCI of the Master Lease. For avoidance of doubt, PropCo is not waiving or releasing its right to its claims against SCI, including the claim for Deferred Rent, as such claims are allowed and provided pursuant to this Compromise. Any payments (including, without limitation, any credits) owed to SCI or its Operating Subsidiaries under this Compromise shall be deemed allowed administrative expense claims against PropCo under Bankruptcy Code section 503(b).

G. If The Master Lease Is Assumed, Payment Of The Deferred Rent Shall Be Required As Part Of Any Cure Amount And Shall Constitute An Administrative Claim In The SCI Case: In the event that SCI seeks to assume the Master Lease, then (i) SCI will be required to, as a condition of such assumption, pay the accrued and unpaid Deferred Rent as of the assumption order date to PropCo, in cash, and (ii) such Deferred Rent shall constitute an allowed administrative claim against SCI pursuant to Bankruptcy Code section 503(b).

H. PropCo Shall Hold An Allowed Indefeasible Claim Upon Rejection Of The Master Lease: In the event that SCI rejects the Master Lease, then the Deferred Rent shall constitute for all purposes (subject to the immediately succeeding two sentences) a prepetition unsecured claim against SCI arising in favor of PropCo under the Master Lease. PropCo shall have an allowed, indefeasible partially secured prepetition claim against SCI (secured solely by the SCI Lease Collateral and the Operating Subsidiaries Lease Collateral and any other collateral encumbered pursuant to any other enforceable written security agreement made by SCI or any Operating Subsidiary in favor of PropCo) that PropCo has lien against) for the sum of: (i) the

amount of Deferred Rent that accrued prior to the later of the date that the order authorizing rejection is entered or, if such order included an effective date for such rejection, such effective date, plus (ii) statutory lease rejection damages in respect of the Master Lease (collectively, the “Allowed Indefeasible Claim”). The Parties reserve all rights, defenses and arguments as to the computation of the statutory lease rejection damage claim component of the prepetition Allowed Indefeasible Claim. Upon full compliance by SCI and the Operating Subsidiaries with the transfer of all SCI Lease Collateral and Operating Subsidiaries Lease Collateral as provided for in paragraph K(iv), the Allowed Indefeasible Claim shall, except for any claim for proceeds of SCI Lease Collateral and Operating Subsidiaries Lease Collateral, convert to an unsecured claim, provided that the transfer of all SCI Lease Collateral and Operating Subsidiaries Lease Collateral shall not result in any reduction of the allowed amount of such Allowed Indefeasible Claim. If the Master Lease is rejected by SCI, subject to the last sentence of this paragraph H, (i) for the limited purpose of determining the allowance and character of the Deferred Rent, the date of such rejection of the Master Lease shall be deemed to have occurred on the date of the approval of this Compromise by the Bankruptcy Court, (ii) PropCo’s sole remedy with respect to Deferred Rent shall be a prepetition claim as provided in this paragraph and (iii) PropCo shall not have any right to, and shall not, seek payment of Deferred Rent as an expense of administration or other priority claim under Bankruptcy Code Section 503(b) or under any other theory. SCI agrees that any claim that PropCo may have as a result of a breach by SCI of its obligation to pay Reduced Rent that became due and payable prior to the date that the Master Lease is rejected under Bankruptcy Code Section 365 pursuant to an entered order and if such order included an effective date for such rejection, such effective date has passed, or perform any other acts required by this Compromise whether before or after entry of such order, shall have administrative claim priority in the SCI Bankruptcy Case pursuant to Bankruptcy Code Section 503(b) notwithstanding the relation back of the date of rejection of the Master Lease to the date of the approval of this Compromise by the Bankruptcy Court.

I. License Agreement Rejection Claim: Except as provided for in this Compromise, the Parties reserve all rights, defenses and arguments with respect to any rejection of the License Agreement, including whether any licensee rights under Bankruptcy Code Section 365(n) for PropCo may exist, whether any such licensee rights will be satisfied by SCI through the delivery of Transition Services as contemplated in this Compromise and whether PropCo is entitled to assert any additional licensee rights under Bankruptcy Code section 365(n) with respect to the License Agreement⁵. The Parties hereby agree that: (a) any obligations that SCI may have to honor rights, if any, that PropCo may have against SCI under Bankruptcy Code section 365(n) in respect of rejection of the License Agreement will constitute specifically enforceable postpetition obligations of SCI; and (b) any claim for monetary damages against SCI in respect of rejection of the License Agreement will constitute a general unsecured prepetition claim.

J. Interim Resolution Of Rent Under The Master Lease And Minimum Transition Services Only Provided In This Compromise: The Parties hereby acknowledge and agree, for themselves and their successors and assigns, that the rights and treatment of claims provided under this Compromise constitutes the Parties' sole and exclusive rights and remedies against each other with regard to the Reduced and Deferred Rent. The Parties hereby acknowledge and agree, for themselves and their successors and assigns, that the transition services required to be provided by SCI under this Compromise are being provided in exchange for and in direct response to PropCo's agreements regarding the treatment of the Reduced Rent and the Deferred Rent. Neither PropCo, its successors and assigns nor any other party in interest shall be limited from seeking different or additional transition services as may be legally required under the written agreements between the Parties or by other applicable law, provided, however, that neither SCI nor the Operating Subsidiaries, nor their successors and assigns, nor any other

⁵ SCI does not admit that any claim in respect of rejection by SCI of the License Agreement would result in a claim under Bankruptcy Code Section 365(n).

party in interest are limited from defending against any such requested relief and taking the position that, except as provided in this Compromise, no additional transition services are legally required under the written agreements between the Parties or by other applicable law.

K. SCI Shall Provide, Or Shall Cause To Be Provided, Transition Services To PropCo Upon A Rejection Of The Master Lease: In the event that SCI elects to reject the Master Lease or/and License Agreement, then for a period of sixty (60) days after the order authorizing such rejection is entered or such other date of rejection specified in such order (the "Initial Transition Service Period"), SCI shall take all steps reasonably necessary to continue the uninterrupted operation of the Leased Hotels by the Operating Subsidiaries as if the Master Lease and License Agreement were in full force and effect (the "Transition Services") and cooperate with PropCo in providing such Transition Services. Without limiting the generality of the foregoing, the Transition Services to be provided by SCI (subject to the terms and conditions hereof, including the payment by PropCo of the amounts set forth herein) shall include:

- (i) Operation of the Leased Hotels by the Operating Subsidiaries and SCI during the Transition Period (defined in paragraph P below) in the same general manner in which they were operated immediately prior to the date of this Compromise;
- (ii) Allowing PropCo, or its designees, to use, during the Transition Period, trademarks, lists of Primary Customers (as defined in the License Agreement) for the Leased Hotels, other intellectual property and reservation services to the same extent currently provided under the License Agreement, in the same manner as if the License Agreement were in full force and effect and as agreed by the Parties or if the Parties cannot agree as determined by the Bankruptcy Court;
- (iii) Providing to PropCo, or its designees, upon the commencement of the Transition Period, every four weeks thereafter during the Transition Period and at the end of the Transition Period, copies of the then most current list of Primary Customers (as defined in the License Agreement) for the Leased Hotels, including gaming

histories, names, addresses and such other information as is customarily maintained for such Primary Customers of the Leased Hotels;

- (iv) If and to the extent that the Mortgage Lenders obtain an entered order of the Bankruptcy Court modifying the automatic stay in PropCo's bankruptcy case to permit the Mortgage Lenders to immediately enforce liens in favor of PropCo on SCI Lease Collateral and Operating Subsidiaries Lease Collateral for the Mortgage Lenders' own benefit or a plan of reorganization or liquidation is confirmed in the PropCo bankruptcy case and becomes effective that provides for a transfer of the SCI Lease Collateral and Operating Subsidiaries Lease Collateral as provided in this Compromise, then in such event SCI shall and shall cause the Operating Subsidiaries to: (a) consent pursuant to Uniform Commercial Code Section 9-620(a), to the transfer to PropCo or its designees, of all the SCI Lease Collateral and the Operating Subsidiaries Lease Collateral in satisfaction of the obligations of SCI and the Operating Subsidiaries with respect to PropCo's liens on such SCI Lease Collateral and Operating Subsidiaries Lease Collateral; provided, that nothing in this Compromise shall in any way modify, impede, impair or delay PropCo's lien and foreclosure rights on the SCI Lease Collateral and Operating Subsidiaries Lease Collateral which may be enforced after rejection of the Master Lease and prior to, during or after any transfer of the SCI Lease Collateral and/or Operating Subsidiaries Lease Collateral to PropCo; (b) sell to PropCo if so requested by PropCo, at a mutually agreed upon value and form of consideration or, if the Parties cannot mutually-agree, as determined by the Bankruptcy Court, all rights of SCI or the Operating Subsidiaries to the use of the phrases "Red Rock", "Palace," "Boulder," and "Sunset," as well as all other registered or common law trademarks, contracts, warranties, non-proprietary operating software, and other physical plant operating records used exclusively at one or more of the Leased Hotels, subject in all cases to the limitations (including

with respect to non-delivery of trade secrets or other confidential and competitive information) set forth in this Compromise; (c) upon the consummation of the sale in the immediately preceding sentence, SCI or the Operating Subsidiaries shall assign to PropCo the registered marks consisting exclusively of the phrases “Red Rock”, “Palace,” “Boulder,” and “Sunset” that are identified on Exhibit A to this Compromise as well as any other property sold to PropCo pursuant to sub-clause (b); (d) sell to PropCo if so requested by PropCo, at a mutually-agreed upon value and form of consideration or, if the Parties cannot mutually-agree, as determined by the Bankruptcy Court, (1) any prepaid goods, services or premiums that are exclusively for the Leased Hotels but not included in the SCI Lease Collateral or Operating Subsidiaries Lease Collateral and (2) any tangible personal property, including all computer hardware and software necessary to access and use the SCI Lease Collateral and Operating Subsidiaries Lease Collateral, that is owned by SCI or an Operating Subsidiary and is located at the Leased Hotels and is used exclusively in the operation of a Leased Hotel but was not included in SCI Lease Collateral and Operating Subsidiaries Lease Collateral; provided however, that with regard to sub-clauses (b) and (d) above (x) any such unencumbered inventory or equipment owned by SCI or any SCI subsidiary other than an Operating Subsidiary that is stored at, but is not in use and not contemplated by SCI to be used by, a Leased Hotel shall not be included in such sale, (y) any such unencumbered inventory or equipment that contains or refers to a Station Mark (as defined below) and (z) any prepaid goods, services or premiums that are not exclusively for the benefit of the Leased Hotels, shall in each case be excluded from such sale; and (e) the obligations to transfer pursuant to sub-clauses (b), (c) and (d) any assets that do not constitute SCI Lease Collateral and Operating Subsidiaries Lease Collateral are conditioned upon such transfer not resulting in a breach of the Forbearance Agreement; provided further that any asset sale by SCI

contemplated hereunder shall be subject to (x) the rights (including, without limitation, all rights under the Bankruptcy Code) of any secured creditor holding a perfected lien on the assets to be sold and (y) the approval of the Bankruptcy Court upon reasonable notice and a hearing;

- (v) SCI and each of the Operating Subsidiaries hereby agree that, from and after the date of this Compromise until PropCo, or its designee, has taken title to the Leased Collateral or any other tangible personal property used exclusively at the Leased Hotels that is to be transferred or sold to PropCo or its designee pursuant to Paragraph K (iv), such assets shall be substantially the same asset type, value and use, as the assets that had been located at the Leased Hotels prior to the date of this Compromise, (collectively, the "Operating Assets") and that they will not remove any Operating Assets from the Leased Hotels, other than to replace worn, obsolete, damaged or defective Operating Assets with suitable replacements therefor in the ordinary course of business. SCI and each of the Operating Subsidiaries hereby further agree that, from and after the first day of the Initial Transition Service Period until the date that PropCo has taken title to the SCI Lease Collateral and Operating Subsidiaries Lease Collateral pursuant to paragraph K(iv), by foreclosure or otherwise, PropCo shall have an exclusive license to use the SCI Lease Collateral or Operating Subsidiaries Lease Collateral, at no cost and expense to PropCo, and without any license fee to SCI, in the operation of the Leased Hotels;
- (vi) SCI and the Operating Subsidiaries shall (a) permit the extension by PropCo, or its designee, of an offer of employment to any non-corporate employee who, at the time of the rejection of the Master Lease, is predominately engaged in the operation of a Leased Hotel below the level of general manager and provided that no such offer of employment shall be made to any non-corporate employee that is predominately engaged in the provision of services to all of the SCI hotel and

gaming facilities and the Leased Hotels on a shared basis, and (b) promptly following the commencement of the Transition Period provide to PropCo a listing for each job title or description that may be solicited pursuant to this subclause (vi), by job title or description, of the current salary range for such job title or description at each of the Leased Hotels, broken down between base compensation and the aggregate value of benefits provided;

- (vii) Subject to Paragraph "N", delivery to any potential replacement manager for the Leased Hotels of all non-confidential and non-competitive information related exclusively to the operation of the Leased Hotels, including non-confidential and non-competitive financial information and other books and records that pertain exclusively to the operation of the Leased Hotels in order to facilitate licensing of and/or management transition to such potential replacement manager;
- (viii) Taking such other and further preparatory steps as may be reasonably requested by PropCo (subject to Paragraph N) to be performed by SCI while Transition Services are being provided to PropCo to facilitate the continuation of uninterrupted operations from and after the rejection of the Master Lease or/and the License Agreement; and
- (ix) Taking such other and further preparatory steps as may be reasonably requested by PropCo, or its designee (subject to Paragraph N) to be performed by SCI while Transition Services are being provided to PropCo, or its designee to facilitate the transition of the hotel, hospitality and gaming operations conducted at the Leased Hotels from SCI and the Operating Subsidiaries to a successor manager or managers selected by PropCo or its designee; and
- (x) Subject to Paragraph N, take all commercially reasonable steps necessary to keep in full force and effect during the Transition Period all insurance policies and coverage that are applicable to the Leased Hotels, PropCo, and/or the business operations (including hotel, hospitality and gaming) and property of SCI and the

Operating Subsidiaries at the Leased Hotels, including, without limitation, all liability and casualty insurance policies and coverage, as existed as of the date of this Compromise.

The Parties acknowledge that there may be SCI Lease Collateral and Operating Subsidiaries Lease Collateral that contains the word "Station" or the phrase "Station Casinos" (the "Station Marks") that may be transferred to PropCo, or its designee pursuant to sub-clauses K(iv) or K(v). Notwithstanding such transfer, except as otherwise provided in this Compromise and unless otherwise subsequently agreed to by the Parties, PropCo is not receiving a license to use the Station Marks. SCI acknowledges that the Station Marks may be temporarily used in respect of the Leased Hotels for so long, but only for so long, as SCI is providing Transition Services under this Compromise and as thereafter permitted in paragraph L of this Compromise (and in connection with such limited use, SCI hereby grants to PropCo or its designee a non-transferable, temporary, non-exclusive license to use the Station Marks described in the License Agreement, which non-transferable, temporary, non-exclusive license), and PropCo acknowledges that such temporary use and such temporary license (i) shall concurrently terminate upon expiration of permission to use the Station Marks as provided in paragraph L of this Compromise and (ii) shall not confer upon PropCo or its designee any other or additional rights or interests in such Station Marks. PropCo acknowledges that, except for the non-transferrable, temporary, non-exclusive license to use Station Marks provided herein, the sale pursuant to this Compromise of goods as SCI Lease Collateral and Operating Subsidiaries Lease Collateral or otherwise that incorporate any Station Marks to PropCo or its designee shall not transfer to PropCo or its designee any rights in the Station Marks so incorporated, or otherwise.

L. De-Branding Property After The Transition Period: Upon the termination of the Transition Period, PropCo and the Leased Hotels shall cease using the mark "Station" with respect to (i) print advertising, (ii) electronic media advertising, (iii) off site bill boards, (iv) web

sites, (v) business stationary, (vi) e-mail addresses and (vii) reservations services (internal and third party). Within thirty (30) days after the Transition Period, PropCo and the Leased Hotels shall cease using (by opaque covering or removal) the mark "Station" with respect to (i) on site exterior and perimeter signage and (ii) interior signage. Within 120 days after the Transition Period, PropCo and the Leased Hotels shall cease using any trademarks owned by Station or any Operating Subsidiary, including without limitation any Station mark and all non-exclusive marks, that are not available for purchase by PropCo pursuant to this Compromise. To facilitate compliance with the time periods set forth in this paragraph L without diminishing the benefit of the use license set forth in paragraph K(v), SCI and the Operating Subsidiaries agree that all tangible personal property being used pursuant to paragraph K(v) may be modified by PropCo as necessary to comply with the requirements of this paragraph L.

M. Excluded Property: Except to the extent required in order for SCI to perform its agreement under this Compromise to provide Transition Services to PropCo, neither SCI nor any of the Operating Subsidiaries shall be required to, directly or indirectly, provide to PropCo any information, data or inspection of any of the following: operating practices; trade secrets (except lists of Primary Customers (as defined in the License Agreement) as provided in this Compromise); customer promotions; compensation or other competitive information. Except to the extent (i) required in order for SCI to perform its agreement under this Compromise to provide Transition Services to PropCo or (ii) expressly provided in paragraph K, PropCo shall not have any use of or rights in any trademarks (including without limitation any Station Marks), customer lists, other intellectual property or reservation services used in connection with the Leased Hotels, all of which shall remain the sole property of SCI. PropCo agrees that neither SCI's obligations under paragraph K nor SCI's obligations to provide Transition Services creates in favor of PropCo any rights in, and PropCo shall not at any time have any rights in, use of or access to "Boarding Pass", any other customer affinity programs operated by SCI, any brand wide promotions operated by SCI, any brand wide progressive

games operated by SCI, any other promotion or system that is used commonly by other hotels and casinos operated by SCI.

N. PropCo to Cover All Expenses of Operation and Ownership While Transition Services Are Performed / No Additional Compensation For SCI During Initial Transition Services Period (Breakeven For SCI For First Sixty Days Of Transition Services): At all times during the Transition Period, all costs and expenses advanced, accrued or suffered by SCI or the Operating Subsidiaries of any kind or description whatsoever arising from or relating to owning and operating the Leased Hotels and the associated real property and improvements, providing the transition services contemplated hereby or otherwise, including without limitation, mortgage interest, expenses related to the Mortgage Loan and all Operating Costs (as defined on Appendix 1 hereto) of the Leased Hotels, shall be for the sole account of PropCo. Any such amounts advanced, accrued or suffered by or on behalf of SCI or its Operating Subsidiaries while Transition Services are being performed by SCI, and all Operating Costs (collectively, the “Owner’s Expenses”), shall be reimbursed by PropCo promptly following request therefor and constitute an administrative claim in PropCo’s bankruptcy case pursuant to section 503(b) of the Bankruptcy Code; provided that SCI represents and warrants that the Operating Costs, as defined herein, shall be sufficient, but not in excess of the amount, necessary to leave SCI without having to incur any out of pocket costs to provide the Transition Services. Payment of the Owner’s Expenses shall be due and payable within ten (10) business days after presentation of an invoice by SCI.

O. Extended Transition Service Amount After Initial Transition Service Period (Payment Of Management Fee After Initial Transition Service Period): PropCo may request a sixty (60) day extension of the Initial Transition Service Period provided that any such request shall be made in an irrevocable writing to SCI (with a copy to the Prepetition Agent) not less than ten business days prior to the end of the Initial Transition Service Period (the “Extended Transition Service Period”). During the Extended Transition Services Period, PropCo shall, beginning with first day following the Initial Transition Service Period, pay to SCI, as

consideration for SCI providing the Transition Services during the Extended Transition Service Period, for each calendar month or partial calendar month during which SCI is providing Transition Services (beginning with the first day of the Extended Transition Service Period), an amount that is equal to the sum of (i) Owner's Expenses paid or accrued by SCI in respect of the Leased Hotels during such full or partial calendar month plus (ii) a management fee that consists of the sum of both (x) two percent (2%) of aggregate gross revenue of the Leased Hotels and (y) five percent (5%) of EBITDAR (with the rent component referring to the Boulder ground lease) of the Leased Hotels in each case during such full or partial calendar month (the sum of (i) and (ii), with (ii) including both (x) and (y) being the "Extended Transition Service Amount"; and all such amounts to constitute an administrative claim in PropCo's bankruptcy case pursuant to section 503(b) of the Bankruptcy Code). For each calendar month or partial calendar month during which SCI is providing Extended Transition Services (the "Billing Period"), the applicable EBITDAR of the Leased Hotels shall be the aggregate EBITDAR amount computed by SCI for the Leased Hotels for the full calendar month immediately preceding the first day of the applicable Billing Period, provided that the Extended Transition Service Amount shall only be earned if active management services for the Leased Hotels are being provided by SCI or the Operating Subsidiaries and such Extended Transition Service Amount shall not be tied to the continuous obligations that may be continuing under this Compromise after termination of active management services. For the avoidance of doubt, the services provided under the Extended Transition Services Period shall mirror those provided in the Initial Transition Services Period. Payment of the Extended Transition Service Amount shall be due and payable within ten (10) business days after presentation of an invoice by SCI.

P. Further Extension of the Extended Transition Service Period; Payment For Transition Services:

- (i) Provided that PropCo has performed all of its obligations under this Compromise, PropCo may request one thirty (30) day extension of the Extended Transition Service Period (i.e. for a potential total of 150 days of Transition Services

including (i) the Initial Transition Service Period (1-60 days) and (ii) the Extended Transition Service Period (61-120 days)). Any such request shall be made in an irrevocable writing to SCI (with a copy to the Prepetition Agent) not less than ten business days prior to the end of the Extended Transition Service Period;

- (ii) During the Extended Transition Service Period PropCo shall pay the Extended Transition Service Amount within five business days after being invoiced by SCI therefor and such amount shall constitute an administrative claim in PropCo's bankruptcy case pursuant to section 503(b) of the Bankruptcy Code until paid in cash; and
- (iii) If PropCo requests an extension of the Extended Transition Service Period, then PropCo shall pay to SCI for days 121-150 after the entry of the order authorizing the rejection of the Master Lease (a) \$1 million payable on day 121 plus (b) the monthly Extended Transition Service Amount incurred by SCI during such day 121 through day 150 period, payable within five business days after being invoiced by SCI therefor. For the calendar month or partial calendar month during which SCI is providing Further Extended Transition Services, the applicable EBITDAR of the Leased Hotels shall be the aggregate EBITDAR amount computed by SCI for the Leased Hotels for the full calendar month immediately preceding the first day of the applicable Billing Period, provided that the Extended Transition Services Amount shall only be earned if active management services for the Leased Hotels are being provided by SCI or the Operating Subsidiaries and such Extended Services Amount shall not be tied to the continuous obligations that may be continuing under this Compromise after termination of active management services. For the avoidance of doubt, the services provided under the Further Extension of the Extended Services Period

shall mirror those provided in the Initial Transition Services Period and the Extended Services Period (together the Initial Transition Service Period and, to the extent implemented, the Extended Transition Service Period and the Further Extension of the Extended Transition Service Period referenced in this paragraph O shall be referred to in this Compromise as the "Transition Period").

Q. Relief From Stay: The automatic stay or any other stay or injunction arising from the Bankruptcy Cases in place and potentially preventing PropCo or SCI from performing any and all provisions of this Compromise, including but not limited to enforcing obligations to perform under this Compromise shall be lifted, withdrawn and released. This provision is for the benefit of PropCo and SCI individually and exclusively, and shall not modify any such stay or injunction as may otherwise be applicable to any other party or any successor or assign of PropCo or SCI without the prior written consent of Party against whom such stay or injunction is proposed to be modified.

R. Further Extension of Time to Assume or Reject Lease: The Parties agree that time to assume or reject the Master Lease is further extended to March 12, 2009 and that the motion to approve this Compromise shall also seek approval of such further extension of the time to assume or reject to March 12, 2009, as a component of the requested relief.

S. Commercially Reasonable Efforts/Bankruptcy Court Approval: The Parties shall use their commercially reasonable efforts to achieve and accomplish the terms of this Compromise. The Parties agree that this Compromise is binding and final when executed (subject to Bankruptcy Court approval), and once approved shall not be modified in any way by the confirmation or denial of confirmation of the Plan or any subsequent plan, without the express written consent of the Parties. This Compromise is subject to Bankruptcy Court approval pursuant to Bankruptcy Rule 9019 and the Parties intend to obtain Bankruptcy Court approval hereof by no later than December 12, 2009. This Compromise shall become effective immediately upon the entry of an order by the Bankruptcy Court approving the terms of this

Compromise (the “Approval Order”) and, absent the granting of a stay pending appeal with respect to the Approval Order by a court of competent jurisdiction pursuant to Federal Rule of Bankruptcy Procedure 8005, each of the Parties shall perform its respective obligations under this Compromise notwithstanding the filing of an appeal of the Approval Order. If this Compromise is not approved by the Bankruptcy Court for whatever reason, this Compromise shall be null and void and of no force or effect, and shall not be admissible against any Party hereto for any purpose.

T. Voluntary Compromise: The Parties to this Compromise acknowledge and agree that each of them is entering into this Compromise freely and voluntarily and not acting under any misapprehension as to the effect hereof, and has acted and does hereby act freely and voluntarily and not under any coercion or duress.

U. No Mistake of Fact or Law: In entering into this Compromise, each Party recognizes that no facts or representations are ever absolutely certain. Accordingly, each Party assumes the risk of any mistake, and if it should subsequently discover that any understanding of the facts or of the law was incorrect, each Party understands and expressly agrees that it shall not be entitled to set aside this Compromise by reason thereof, regardless of any mistake of fact or law.

V. Further Proceedings in Respect of Master Lease: The Parties acknowledge that nothing set forth herein is intended to limit the relief that the Bankruptcy Court may order in connection with any action or claim that may be brought to recharacterized the Master Lease.

W. Treatment of Administrative Claims: Administrative claims, if any, arising in connection with this Compromise and owed by PropCo to SCI or its Operating Subsidiaries shall be paid by PropCo in accordance with the terms hereof and in any event no later than the earlier of (x) the termination of exclusivity for PropCo or any of the Other CMBS Debtors (as defined in the PropCo Cash Collateral Stipulation), (y) the entry of an order

confirming a plan of reorganization or liquidation for PropCo or any of the Other CMBS Debtors and (z) the filing of a motion by the Mortgage Lenders or any other creditor of the Other CMBS Debtors seeking relief from the automatic stay. Administrative claims, if any, arising in connection with this Compromise and owed by SCI to PropCo shall be paid by SCI in accordance with the terms hereof and in any event no later than the earlier of (a) the termination of exclusivity for SCI, FCP Holding, Inc., FCP Voteco, LLC or Fertitta Partners, LLC, (b) the entry of an order confirming a plan of reorganization or liquidation for SCI, FCP Holding, Inc., FCP Voteco, LLC or Fertitta Partners, LLC and (c) the filing of a motion by the Prepetition Agent or Prepetition Lenders or any other creditor of SCI seeking relief from the automatic stay.

X. Transition Period Hold Harmless: PropCo agrees that it will hold SCI and the Operating Subsidiaries harmless with respect to any claims or causes of action of a third party that may be asserted against PropCo by any third party that is judicially determined to have arisen as a result of a PropCo or PropCo designee action or inaction occurring during the Transition Period.

Y. Miscellaneous Reservation: Notwithstanding anything to the contrary set forth herein, any party in interest in these Bankruptcy Cases may assert against either Debtor any claim that such party in interest may have as a proximate result of the assertion by a non-debtor counter party to any executory contract or unexpired lease of a claim for damages against either Party hereto that arises as a result of the operation of this Agreement or rejection of the Master Lease and/or the License Agreement. Notwithstanding anything to the contrary herein, all issues and objections of a party in interest that may arise as to the allocation among the Debtors' estates of costs and expenses associated with the redemption of and reissuance or rebranding of chips, wagers, and tokens, are hereby reserved. Nothing in this paragraph Y itself creates any rights or claim in favor of any party in interest.

Z. Mutual Representations and Warranties: The Parties hereby represent and warrant to each other the following, each of which is a continuing representation and warranty:

(a) This Compromise is a valid and binding obligation of the Parties, enforceable against each of them in accordance with its terms;

(b) Except as otherwise expressly provided in this Compromise, no consent or approval (other than required gaming approvals) is required by any other person or entity in order for the Parties to carry out the provisions of this Compromise, and each of the Parties has obtained all necessary corporate and other approval to enter into and perform the obligations under this Compromise. In addition, each person signing this Compromise warrants that he or she is legally competent and authorized to execute this Compromise on behalf of the Party whose name is subscribed at or above such person's signature;

(c) Each of the Parties hereto has received independent legal advice from attorneys of its choice with respect to the advisability of making the agreements provided herein and with respect to the advisability of executing this Compromise, and prior to the execution of this Compromise by the Parties hereto, their attorneys reviewed this Compromise with them and have made all desired changes;

(d) Except as otherwise expressly stated in this Compromise the Parties have not made any statement or representation to each other regarding any facts relied upon by them in entering into this Compromise, and each of them specifically does not rely upon any statement, representation, or promise of the other party hereto or any other person in entering into this Compromise, except as expressly stated in this Compromise. Each Party has relied upon its own investigation and analysis of the facts and not on any statement or representation made by any other party in choosing to enter into this Compromise and the transactions contemplated herein; and

(e) The Parties hereto and their respective attorneys have made such investigation of the facts pertaining to this Compromise and all of the matters pertaining thereto, as they deem necessary.

AA. No Admission Against Interest: Nothing contained in this Compromise or negotiations and communications leading up to it shall be construed as admissions against the interest of any of the Parties hereto. Except to enforce this Compromise, the terms of this Compromise, including, without limitation, the recitals and representations made by any Party shall have no force or effect and will not be binding upon, enforceable against, or deemed an admission or acknowledgment of any fact by any Party. This Compromise shall not be

admissible as evidence in any action or proceeding except to enforce this Compromise or to carry out the actions contemplated herein.

BB. Miscellaneous:

(a) Except as provided herein, all covenants, warranties, representations, and indemnities made by the Parties to one another pursuant to this Compromise shall be and remain in full force and effect upon this Compromise becoming effective.

(b) The Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be appropriate or reasonably necessary, from time to time, to effectuate the agreements and understandings of the Parties, whether the same occur before or after the date of this Compromise.

(c) This Compromise is the entire Compromise between the Parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, whether oral or written, between the Parties hereto with respect thereto. In addition, this Compromise may not be modified or amended, nor any of its provisions waived, except by an instrument in writing, signed by the parties hereto.

(d) This Compromise shall inure to the benefit of and shall be binding upon the successors and assigns of each of the Parties hereto, including without limitation, any committee, trustee or examiner with extended powers that is subsequently appointed in a Bankruptcy Case of either or both of the Parties, and in particular no successor or assign of either Party may object to or otherwise collaterally attack the relief provided to the Parties hereunder under any theory and in particular may not object to, withdraw or modify any claim allowed or limited herein or any waiver herein granted by either Party.

(e) The headings of all sections of this Compromise are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision hereof.

(f) To the extent that performance is to be governed by time, time shall be deemed to be of the essence hereof.

(g) This Compromise is to be governed by and construed in accordance with federal bankruptcy law, to the extent applicable, and where state law is implicated, the laws of the State of California shall govern. The Bankruptcy Court shall retain jurisdiction to enforce the provisions of this Compromise.

(h) This Compromise may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same Agreement. This Compromise may also be executed by facsimile or electronic signature followed by delivery of the original executed Agreement.

(i) This Compromise is the product of negotiations of the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Compromise, or any portion hereof, shall not be effective in regard to the interpretation hereof.

(j) In the event that it becomes necessary for any party to this Compromise to take any action to interpret or enforce this Compromise, or any of its terms, and any Party thereafter incurs costs (including reasonable attorneys' fees) as a result thereof, the prevailing Party in such dispute shall be entitled, in addition to any judgment or award, to an award for all costs incurred (including reasonable attorneys' fees). The prevailing Party shall further be entitled to an award of reasonable attorneys' fees and related costs in connection with enforcement of any judgment, including enforcement following any appeal.

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IN WITNESS WHEREOF, the parties have executed this Compromise as of the day and year first above written.

STATION CASINOS, INC.,
a Nevada Corporation,
as Debtor and Debtor In Possession

By: _____
Name: Thomas M. Friel
Title: Executive Vice President, Chief
Accounting Officer and Treasurer

FCP PROPCO, LLC,
a Delaware limited liability company
as Debtor and Debtor In Possession

By: _____
Name: Richard J. Haskins
Title: Authorized Signatory

OPERATING SUBSIDIARIES:

**BOULDER STATION, INC.
CHARLESTON STATION, LLC
PALACE STATION HOTEL & CASINO, INC.
SUNSET STATION, INC.**

By: _____
Name: Thomas M. Friel
Title: Senior Vice President and Treasurer

APPENDIX 1

Operating Costs

"Operating Costs" means all costs and expenses of maintaining, conducting and supervising the operation of the Leased Hotels which are properly attributable to the period of determination, including without limitation:

- (i) the cost of sales of all food, beverages, other goods and services sold or consumed by the Leased Hotels and of all Operating Supplies and Operating Consumables, with the exception of the cost of food, beverages, services and other items sold or consumed by concessionaires and other third party vendors leasing space in the Leased Hotels;
- (ii) salaries, wages and other benefits of the personnel employed with respect to the Leased Hotels, including costs of payroll taxes and employee benefits, the salaries, wages, benefits, and expenses, including travel expenses, of third-party consultants;
- (iii) the cost of all other materials, supplies, goods and services used in connection with the operation of the Leased Hotels including, without limitation, heat and utilities, trash removal, office supplies, security and all other services performed by third parties, telephone and data processing equipment and other equipment;
- (iv) the cost of repairs to and maintenance of the Leased Hotels in excess of the sum of \$1,600,000 plus 2.5% of net revenue of the Leased Hotels, to the extent not paid from the actual cash proceeds of any fire or casualty insurance after deducting necessary expenses in connection with the adjustment or collection of such proceeds;
- (v) insurance and bonding premiums with respect to the Leased Hotels, including, without limitation, property damage insurance, public liability insurance, workers' compensation insurance, or insurance required by similar employee benefits acts and such business interruption or other insurance as may be provided for protection against claims, liabilities and losses incurred with respect to deductibles applicable to the foregoing types of insurance;
- (vi) all taxes, assessments, water/sewer charges, and other fees and charges (other than federal, state or local income taxes and franchise taxes or the equivalent) payable by or assessed against the Leased Hotels with respect to the operation of the Leased Hotels;
- (vii) legal, consulting, lobbying, political and charitable contributions, accounting and other fees for professionals for services related to the operation of the Leased Hotels;
- (viii) all expenses for marketing the Leased Hotels, including all

expenses of advertising, sales, promotion and public relations activities; and

(ix) all excise, sales, gross receipts, admission, entertainment, tourist or use taxes, gaming taxes and device fees, real estate taxes, ad valorem taxes, personal property taxes, utility taxes and other taxes (as those terms are defined by GAAP), assessments for public improvements, and municipal, county and state license and permit fees.

Operating Costs shall include PropCo's Allocation of Shared Expenses. The method of calculating Shared Expenses shall fairly distribute the costs of such services provided, however, that such allocation will not discriminate against the Leased Hotels as compared with the allocation of such expenses among other properties operated by SCI. For example, subject to the prior sentence, Shared Expenses may include the costs incurred by SCI or its subsidiaries for direct salary and wages (including, without limitation, employer's contributions under FICA, unemployment compensation or other employment taxes, and SCI's regular pension fund contributions, worker's compensation, group life, accident, health and other health insurance premiums, profit sharing, and retirement plans, disability and other similar benefits) paid to or accrued for the benefit of employees of SCI and its subsidiaries that are assigned to perform a function for the Leased Hotels that otherwise would be filled by an employee of, or third-party provider to, the Leased Hotels, prorated to the extent actually attributable to each such employee's actual time incurred for the benefit of the Leased Hotels.

"Operating Consumables" means all food, beverages and other immediately consumable items utilized in operating the Leased Hotels, such as soap, cleaning materials, matches, stationary, brochures, folios, and other similar items.

"Operating Supplies" means all non-capital equipment necessary for the day-to-day operation of the Project, including but not limited to chips, tokens, uniforms, playing cards, glassware, linens, silverware, utensils and dishware.

"Shared Expenses" means SCI's or its subsidiaries' (as the case may be) allocated out-of-pocket costs (not including any mark-up or other profit margin) for shared employees and for shared services related to the Leased Hotels (examples of Shared Expenses and method for allocating the same are set forth on Appendix B).

APPENDIX B

Example of Shared Expenses

The following are examples of costs that are allocated between SCI's subsidiaries that operate non-restricted gaming facilities (the "Hotel/Casinos").

Room Reservations— Room Reservations is a centralized function that is accounted for at the Parent level. This department books all rooms pre-sold at the Hotel/Casinos. The costs incurred by Room Reservations relate to payroll, telephone service fees, and reservation fees paid for reservations booked by outside vendors. These costs are allocated based on each Hotel/Casino's share of total room inventory controlled by SCI's subsidiaries.

Station Advertising— SCI's in-house advertising department performs various advertising functions for the Hotel/Casinos, including the following, the costs of which are allocated as follows:

- Media purchases – billed directly to the Hotel/Casino which required the purchase at one hundred percent (100%) of cost (Purchasing media in-house avoids paying a fifteen percent (15%) media commission to an outside advertising agency).
- Multi-Hotel/Casino media – allocated based upon a formula (generally).
- Public relations—allocated equally between all Hotel/Casinos.
- Special promotions – system-wide (allocated on a formula dependent upon participation).
- Special promotions – single Hotel/Casino; billed to that Hotel/Casino.
- In-house production – publications for human resources, video production, commercials, sign animation, web-site, etc. (allocated based upon the type of activity and the number of Hotel/Casinos participating).
- General operations – allocated based on a total revenue formula.

Information Technology (IT) – SCI runs its IT group centrally, allowing for specialists (programmers, help-desk, system administrators, etc.) to perform services at all Hotel/Casinos. This centralization and allocation eliminates the need for each Hotel/Casino to hire specialists and purchase related equipment. Direct costs, such as maintenance or service agreements for on-property equipment, are billed directly to the applicable Hotel/Casinos. Indirect costs (primarily payroll and related benefits costs) are allocated to the Hotel/Casinos based upon percentage of total revenue.

Central Mail – SCI processes all direct mail at a central location rather than outsourcing this function. The capital and operating costs of this function are allocated to each Hotel/Casino based upon the actual volume of mailings performed for that Hotel/Casino.

Food & Beverage Management – In order to ensure that the food and beverage operations at each of the Hotel/Casinos remains at the highest level of quality and consistency, SCI has centralized the supervision of food and beverage activities. This function is allocated based on food and beverage revenue for each of the Hotel/Casinos. The costs allocated are primarily

payroll and related benefit costs, as well as travel and entertainment, general supplies, and some consulting expenses.

Relationship Marketing – SCI operates its relationship marketing (database marketing) function centrally and allocates all costs equally between the Hotel/Casinos. The costs allocated are primarily payroll and related benefit costs as well as travel and entertainment expenses.

Bank Charges – SCI manages banking relationships centrally and bills each Hotel/Casino for direct charges generated by that Hotel/Casino. These costs are specifically identifiable to the Hotel/Casino and relate to the transaction charges, primarily generated in the cage. No payroll is allocated for this item. Transactions include check cashing, purchasing and depositing currency, armored car services, etc.

Sports Book – SCI manages its race and sports book operations centrally and allocates costs equally to each Hotel/Casino for the personnel required to administer this function. The costs allocated are primarily payroll and related benefit costs.

Payroll Department – SCI processes all Nevada payroll from a central location and allocates the costs related to this function based on the number of employees at each Hotel/Casino. The costs allocated are primarily payroll and related benefits costs.

EXHIBIT A

Absolutely Assigned Registered Marks

U.S. Trademark Registrations

Mark	Class(es)	Reg. No.	Reg. Date
RED ROCK	16	3339158	11/20/2007
RED ROCK	41	3424069	5/6/2008
RED ROCK	43	3552181	12/23/2008
RED ROCK RESORT SPA CASINO		3674651	8/25/09
RED ROCK CASINO, RESORT & SPA	41	3424068	5/6/2008
RED ROCK LANES	41	3447885	6/17/2008
RED ROCK SPA	44	3298840	9/25/2007
RED ROCK SPA ESSENTIALS (and design)	3	3533012	11/18/2008
ROCKS LOUNGE	41	3458072	7/1/2008
ROCKSLOUNGE (and design)	43	3467902	7/15/2008
SANDBAR RED ROCK RESORT (and design)	43	3448576	6/17/2008
TERRA ROSSA	43	3149992	9/26/2006

U.S. Trademark Applications

Mark	Class(es)	Filing Date	Application No.
RED ROCK	37	2/17/2006	78/817,475
RED ROCK CASINO, RESORT & SPA	35	9/16/2004	78/980,172
RED ROCK CASINO, RESORT & SPA	25	9/16/2004	78/978,135

Nevada State Trademark Registrations

Mark	Reg. No.	Reg. Date
BINGO PALACE	SM00310027	6/15/1998
PASTA PALACE	SM00230434	3/9/1990
RED ROCK	SM00360797	10/7/2004
RED ROCK	SM00360798	10/7/2004
RED ROCK	SM00360799	10/7/2004
RED ROCK	TM00280867	3/5/1996
RED ROCK LANES	E0320942007-0	5/2/2007
RED ROCK RESORT CASINO	SM00360800	10/7/2004
RED ROCK RESORT CASINO	SM00360801	10/7/2004
RED ROCK RESORT CASINO	SM00360802	10/7/2004
SUNSET CAFE	SM00300770	3/6/1998
SUNSET LANES	TN00320481	11/5/1999
SUNSET LANES BOWLING CENTER	TN00260598	9/17/1993
TERRA ROSSA	E0345802006-2	5/8/2006
TERRA ROSSA	E0346912006-6	5/9/2006
TERRA ROSSA	E0346952006-0	5/9/2006
THE SPA AT RED ROCK	E0346652006-4	5/8/2006
THE SPA AT RED ROCK	E0346672006-6	5/8/2006
THE SPA AT RED ROCK	E0346692006-8	5/8/2006