

FIRST AMENDMENT TO AMENDED AND RESTATED MASTER LEASE
COMPROMISE AGREEMENT

This First Amendment to Amended and Restated Master Lease Compromise Agreement (this “Compromise Amendment”) is entered into as of the 24th day of February, 2010, 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 Amendment amends the Amended and Restated Master Lease Compromise Agreement dated as of December 11, 2009 (the “Compromise”), 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 Amendment 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. Progress Toward a Plan of Reorganization: The Debtors, the Mortgage Lenders, the Prepetition Agent and the steering committee of Prepetition Lenders under the SCI Loan Agreement are engaged in negotiations for a plan of reorganization and desire to maintain the Compromise in effect for an additional 60 day period to facilitate completion of negotiations and drafting of plan documents. Other than implementing a 60 day extension and as otherwise

set forth herein, no other changes to the Compromise are provided for in this Amendment. The Mortgage Lenders and the Prepetition Agent, with the consent of the "Required Lenders" under (and as such term is defined in) the SCI Loan Agreement, will not oppose the execution and delivery of this Compromise Amendment and the entry of an order approving this Compromise Amendment.

3. Incorporation of Defined Terms: All capitalized terms used but not defined herein are used as defined in the Compromise.

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

AGREEMENT

A. Amendments to Compromise:

(i) Amendment of Paragraph A of the Compromise: Paragraph A of the Compromise is hereby amended by deleting the phrase "December 2009, January 2010 and February 2010 (the "Deferral Period")" and inserting in place thereof the phrase "December 2009, January 2010, February 2010, March 2010 and April 2010 (the "Deferral Period")."

(ii) Amendment and Restatement of Paragraph B of the Compromise: Paragraph B of the Compromise is hereby amended and restated in its entirety as follows:

"B. Computation and Payment of Reduced Rent: True Ups:

(i) Reduced Rent payable on each Rent Payment Date occurring during the Deferral Period shall be calculated by computing the aggregate EBITDAR¹ for the Leased Hotels for the calendar

¹ 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.

month ending immediately prior to such Rent Payment Date (the “Prior Calendar Month”) and deducting therefrom \$1,600,000². In addition, Reduced Rent shall be further reduced on any Rent Payment Date occurring during (x) December 2009, January 2010 or February 2010 by up to \$750,000 in the aggregate, and (y) March 2010 and April 2010 by up to \$2,200,000 (as applicable for the three month or two month period of determination, 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 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

² 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.

“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”).

(ii) 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

applicable Restaurant Excess CapEx (the sum of (x), (y) and (z) being the “Three Month CapEx Cash”). In the event that Three Month CapEx is less than Three Month 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 Three Month CapEx Cash, but in no event more than \$4,800,000.

(iii) On May 31, 2010, SCI shall deliver to PropCo, the Mortgage Lenders and the Prepetition Agent a follow up certified reconciliation computing (1) the aggregate amount of capital expenses (“Two Month CapEx”) incurred by SCI or the Operating Subsidiaries (net of any insurance recoveries actually received by SCI or its Operating Subsidiaries on or after March 31, 2010 and prior to May 31, 2010) in respect of the Leased Hotels during the calendar months of February, 2010 and March 2010 (the “Two Month Period”) and (2) the net revenue of the Leased Hotels during the Two 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 May 31, 2010 certified reconciliation shall further compute whether Two 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 Two Month Period calculated as above plus (y) \$3,200,000 plus (z) the applicable Restaurant Excess CapEx (the sum of (x), (y) and (z) being the “Two Month CapEx Cash”). In the event that Two Month CapEx is less than Two Month CapEx Cash, SCI shall deliver together with the reconciliation a payment to PropCo in

an amount equal the amount by which Two Month CapEx is less than Two Month CapEx Cash, but in no event more than \$3,200,000.

(iv) 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.”

(iv) Amendment of Paragraph D of the Compromise: Paragraph D of the Compromise is hereby amended by deleting the phrase “March 2010” and inserting in place thereof the phrase “May 2010.”

B. **Conforming Modifications:** If any modification to the Compromise (i) is required to achieve the purpose of continuing the Deferral Period in effect for an additional 60 days after its prior termination date on March 12, 2010, to its new termination date of May 12, 2010 and (ii) such modification is not expressly provided in paragraph A to this Compromise Amendment, then such provision of the Compromise will be deemed modified to the extent necessary to achieve the purpose of continuing the Deferral Period in effect for an additional 60 days after its prior termination date on March 12, 2010, to its new termination date of May 12, 2010.

C. **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 May 12, 2010 and that the motion to approve this Compromise Amendment shall also seek approval of such further

extension of the time to assume or reject to May 12, 2010, as a component of the requested relief.

D. **Bankruptcy Court Approval:** The Parties agree that this Compromise Amendment 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 any plan of reorganization or liquidation, without the express written consent of the Parties. The Parties intend to obtain Bankruptcy Court approval hereof by no later than March 11, 2010. This Compromise Amendment shall become effective immediately upon written non objection of the Mortgage Lenders and the Prepetition Agent, with the consent of the "Required Lenders" under (and as such term is defined in) the SCI Loan Agreement, which effectiveness shall be confirmed by the entry of an order by the Bankruptcy Court approving the terms of this Compromise Amendment (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.

E. **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 Amendment 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 Amendment, 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 Amendment, and each of the Parties has obtained all necessary corporate and other approval to enter into and perform the obligations under this Compromise Amendment. In addition, each person signing this Compromise Amendment warrants that he or she is legally competent and authorized to execute this Compromise Amendment 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 Amendment,

and prior to the execution of this Compromise Amendment by the Parties hereto, their attorneys reviewed this Compromise Amendment with them and have made all desired changes;

(d) Except as otherwise expressly stated in this Compromise Amendment the Parties have not made any statement or representation to each other regarding any facts relied upon by them in entering into this Compromise Amendment, 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 Amendment, except as expressly stated in this Compromise Amendment. 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 Amendment 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 Amendment and all of the matters pertaining thereto, as they deem necessary.

F. **Existing Compromise Remains in Full Force and Effect:** As amended by this Compromise Amendment, the Compromise remains in full force and effect pursuant to its terms. Except as modified pursuant to this Compromise Amendment, the provisions of the Compromise remain unchanged.

G. **No Admission Against Interest:** Nothing contained in this Compromise Amendment 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 Amendment, the terms of this Compromise Amendment, 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 Amendment shall not be admissible as evidence in any action or proceeding except to enforce this Compromise Amendment or to carry out the actions contemplated herein.

H. **Mortgage Lender Designee Access to SCI and Propco Information, Etc.:** Each of SCI and Propco hereby undertakes in favor of the Mortgage Lenders to permit the Mortgage Lenders or their designee to have, solely with respect to 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”), the same access to the Debtors’ and the Operating Subsidiaries’ respective information, facilities and senior corporate managers and their designees, and the same level of cooperation and assistance from the Debtors and the Operating Subsidiaries, in each case solely as it pertains to the Leased Hotels, as SCI is contractually obligated to provide to the Prepetition Lenders, if, as and when such contractual obligation becomes operative with respect to, and on the same terms and conditions as pertain to, any “replacement manager” designated by the Prepetition Lenders pursuant to the Second Forbearance Agreement; and Second Amendment to the Credit Agreement, dated as of July 28, 2009 (the “Second Forbearance Agreement”) as amended as of the date hereof and as the same may be amended from time to time hereafter.

I. **Miscellaneous:**

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

(c) This Compromise Amendment is the entire Compromise Amendment 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 Amendment 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 Amendment 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 Amendment 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 Amendment 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 Amendment.

(h) This Compromise Amendment 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 Amendment may also be executed by facsimile or electronic signature followed by delivery of the original executed Agreement.

(i) This Compromise Amendment 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 Amendment, 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 Amendment to take any action to interpret or enforce this Compromise Amendment, 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.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have executed this Compromise Amendment 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