

**EXHIBIT C TO ARONSON DECLARATION**

**Engagement Letter and Indemnification Agreement**

**LAZARD**

LAZARD FRÈRES & CO. LLC  
1000 AVENUE OF THE STARS  
SUITE 1140  
LOS ANGELES, CA 90067  
PHONE 310-601-3400  
FAX 310-601-3401  
www.lazard.com

February 27, 2009

Station Casinos, Inc.  
1505 South Pavilion Center Drive  
Las Vegas, Nevada 89135

Attention: Richard J. Haskins  
Executive Vice President  
and General Counsel

Ladies and Gentlemen:

This letter agreement (the "Agreement") confirms the understanding and agreement between Lazard Frères & Co. LLC ("we", "us" or "Lazard") and Station Casinos, Inc. ("Station"), Vista Holdings, LLC ("Vista"), and their respective Controlled Subsidiaries (as defined below) (collectively, "you" or the "Company").

Assignment Scope:

The Company hereby retains Lazard as investment banker to the Company to advise it in connection with any Restructuring (as defined below) on the terms and conditions set forth herein. As used in this Agreement, the term "Restructuring" shall mean, collectively, any restructuring, reorganization (whether or not pursuant to Chapter 11 of the United States Bankruptcy Code) and/or recapitalization of all or a significant portion of the Company's outstanding indebtedness (including bank debt, bond debt (including, without limitation, the Company's Senior Notes and Senior Subordinated Notes), CMBS debt and other on and off balance sheet indebtedness), trade claims, leases (both on and off balance sheet), litigation-related claims and obligations, unfunded pension and retiree medical liabilities or other liabilities (collectively, the "Existing Obligations") that is achieved, without limitation, through a solicitation of waivers and consents from the holders of Existing Obligations (collectively, the "Stakeholders"); rescheduling of the maturities of Existing Obligations; a change in interest rates, repurchase, settlement or forgiveness of Existing Obligations; conversion of Existing Obligations into equity; an exchange offer involving issuance of new securities in exchange for Existing Obligations; the issuance of new securities, sale or disposition of assets, sale of debt or equity securities or other interests or other similar transaction or series of transactions. By signing this Agreement, we hereby accept our appointment as your investment banker under the terms hereof.

PARIS LONDON NEW YORK ATLANTA BERLIN BOMBAY CAIRO CHICAGO FRANKFURT HAMBURG HONG KONG HOUSTON  
LOS ANGELES MADRID MILAN MONTREAL NEW DELHI ROME SAN FRANCISCO SEOUL SINGAPORE STOCKHOLM SYDNEY TOKYO TORONTO

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Description of Services:

1. Lazard agrees, in consideration of the compensation provided in Section 2 below, to perform such of the following investment banking services as the Company may reasonably request, including:

- (a) Reviewing and analyzing the Company's business, operations and financial projections;
- (b) Evaluating the Company's potential debt capacity in light of its projected cash flows;
- (c) Assisting in the determination of a capital structure for the Company;
- (d) Assisting in the determination of a range of values for the Company on a going-concern basis;
- (e) Advising the Company on tactics and strategies for negotiating with the Stakeholders;
- (f) Rendering financial advice to the Company and participating in meetings or negotiations with the Stakeholders in connection with any Restructuring;
- (g) Advising the Company on the timing, nature, and terms of new securities, other consideration or other inducements to be offered pursuant to any Restructuring;
- (h) Assisting the Company in preparing documentation, including books or presentations, within our area of expertise that is required in connection with any Restructuring;
- (i) Advising and attending meetings of the Company's Board of Directors and its committees with respect to matters on which we have been engaged to advise you;
- (j) Acting as financial advisor with respect to the Company's solicitation of consents from the Stakeholders;
- (k) Providing testimony, as necessary, with respect to matters on which we have been engaged to advise you in any proceeding before the Bankruptcy Court; and
- (l) Providing the Company with other financial restructuring advice.

Fees:

2. As consideration for the services to be provided, the Company shall pay Lazard the following fees:

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- (a) A monthly fee of \$300,000 (the "Monthly Fee"), payable on the first day of each month until the earlier of the (x) completion of the Restructuring, (y) payment of the Restructuring Fee and (z) the termination of Lazard's engagement pursuant to Section 10.
- (b) A fee of \$12,500,000 (the "Restructuring Fee"), payable upon the consummation of a Restructuring; provided, however, that if a Restructuring is to be completed through a "pre-packaged" or "pre-arranged" plan of reorganization (a "Prepackaged Plan"), the Restructuring Fee shall be earned and shall be payable upon the date that the Company determines to file a bankruptcy case to implement a Prepackaged Plan with respect to which either (i) definitive agreements have been executed or (ii) binding consents have been delivered, in each case by a sufficient number of creditors and/or bondholders, as the case may be, to bind the creditors or bondholders, as the case may be to the Prepackaged Plan; provided, further, that in the event that Lazard is paid a fee in connection with a "pre-packaged" or "pre-arranged" plan and such plan is not consummated on or before September 30, 2009, Lazard shall return such fee to the Company promptly and in no event later than October 10, 2009.
- (c) All (i) Prior Agreement Fees (as defined in Section 15 below) and Monthly Fees paid shall be credited (without duplication) against any Restructuring Fee payable in respect of a Prepackaged Plan, and (ii) Prior Agreement Fees shall be credited (without duplication) against any Restructuring Fee otherwise payable; provided, that, in the event of a Chapter 11 filing, the credits described in clauses (i) and (ii) of this sentence shall only apply to the extent that such fees are approved in entirety by the Bankruptcy Court, if applicable.
- (d) In addition to any fees that may be payable to Lazard and, regardless of whether any transaction occurs, the Company shall promptly reimburse Lazard for all: (i) reasonable and documented expenses (including travel and lodging, data processing and communications charges, courier services and other appropriate expenditures) and (ii) other reasonable and documented fees and expenses (including, without limitation, the reasonable fees and disbursements of counsel retained with the Company's consent (which consent shall not be unreasonably withheld).
- (e) As part of the compensation payable to Lazard hereunder, the Company agrees to the indemnification, contribution and related provisions (the "Indemnification Letter") attached to this Agreement as Addendum A and incorporated herein in their entirety.
- (f) All amounts referenced hereunder reflect United States currency and shall be paid promptly in cash after such amounts accrue hereunder.

Retention in Chapter 11 Proceedings:

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3. In the event of the commencement of chapter 11 proceedings, the Company agrees that it will use its reasonable best efforts to obtain prompt authorization from the Bankruptcy Court to retain Lazard on the terms and conditions set forth in this Agreement under the provisions of Section 328(a) of the Bankruptcy Code. Subject to being so retained, Lazard agrees that during the pendency of any such proceedings, it shall continue to perform its obligations under this Agreement and that it shall file interim and final applications for allowance of the fees and expenses payable to it under the terms of this Agreement pursuant to the applicable Federal Rules of Bankruptcy Procedure, and the local rules and order of the Bankruptcy Court. The Company shall supply Lazard with a draft of the application and proposed retention order authorizing Lazard's retention sufficiently in advance of the filing of such application and proposed order to enable Lazard and its counsel to review and comment thereon. Lazard shall be under no obligation to provide any services under this agreement in the event that the Company becomes a debtor under the Bankruptcy Code unless Lazard's retention under the terms of this Agreement is approved under section 328(a) of the Bankruptcy Code by final order of the Bankruptcy Court, which order is acceptable to Lazard. The retention application shall note that, in so agreeing to seek Lazard's retention under Section 328(a) of the Bankruptcy Code, the Company acknowledges that it believes that Lazard's general restructuring experience and expertise, its knowledge of the capital markets and its merger and acquisition capabilities will inure to the benefit of the Company in pursuing any Restructuring, that the value to the Company of Lazard's services hereunder derives in substantial part from that expertise and experience and that, accordingly, the structure and amount of the deferred fees, including the Restructuring Fee are reasonable regardless of the number of hours to be expended by Lazard's professionals in the performance of the services to be provided hereunder, and that the deferred Restructuring Fee, shall not be considered to be a "bonus" or fee enhancement under applicable law.

Other:

4. No fee payable to any other person, by you or any other party, shall reduce or otherwise affect any fee payable hereunder to us.

5. The Company will furnish or cause to be furnished to Lazard such current and historical financial information and other information regarding the business of the Company as Lazard may request in connection with this engagement. The Company represents and warrants to Lazard that all of the foregoing information will be accurate and complete in all material respects at the time it is furnished, and agrees to keep Lazard advised of all developments materially affecting the Company or its financial position. In performing its services pursuant to this Agreement, including in connection with any valuation of the Company, Lazard shall be entitled to rely upon information furnished to it by the Company or that is publicly available, may assume the accuracy and completeness of such information and shall not assume any responsibility for independent verification of any such information. Lazard will not, as part of its engagement, undertake any independent valuation or appraisal of any of the assets or liabilities of the Company or of any third party, or opine or give advice to the Board of Directors, the Company or management or shareholders with respect thereto or with respect to any issues of solvency.

6. In performing its services pursuant to this Agreement, Lazard is not assuming any

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responsibility for the decision of the Company or any other party to pursue (or not to pursue) any business strategy or to effect (or not to effect) any Restructuring or other transaction. Lazard shall not have any obligation or responsibility to provide "crisis management" for or business consultant services to the Company, and shall have no responsibility for designing or implementing operating, organizational, administrative, cash management or liquidity improvements; nor shall Lazard be responsible for providing any tax, legal or other specialist advice.

7. It is understood and agreed that nothing contained in this Agreement shall constitute an express or implied commitment by Lazard or Lazard Capital Markets LLC or any of their respective affiliates to underwrite, place or purchase any securities in a financing or otherwise, which commitment shall only be set forth in a separate underwriting, placement agency or purchase agreement, as applicable, relating to the financing.

8. Simultaneously herewith, the parties hereto are entering into the Indemnification Letter. The Indemnification Letter shall survive any termination or expiration of this Agreement.

9. In order to coordinate our efforts on behalf of the Company during the period of our engagement hereunder, the Company will promptly inform Lazard of any discussions, negotiations, or inquiries regarding a potential transaction, including any such discussions, negotiations or inquiries that have occurred during the six month period prior to the date of this Agreement. In the event that Lazard receives an inquiry concerning any transaction, we will promptly inform the Company of such inquiry.

10. Our engagement hereunder shall automatically expire upon consummation of a Restructuring and may be earlier terminated by you or us at any time without liability or continuing obligation to you or us, except that following such termination and any expiration of this Agreement (a) we shall remain entitled to any fees accrued pursuant to Section 2 but not yet paid prior to such termination or expiration, as the case may be, and to reimbursement pursuant to Section 2 of expenses incurred prior to such termination or expiration, as the case may be, and (b) in the case of termination by the Company and any expiration of this Agreement, we shall remain entitled to full payment of all fees contemplated by Section 2 hereof in respect to any Restructuring announced or resulting from negotiations occurring during the period from the date hereof until nine months following such termination or expiration, as the case may be.

11. The Company recognizes that Lazard has been engaged only by the Company and that the Company's engagement of Lazard is not deemed to be on behalf of and is not intended to confer rights upon any shareholder, partner or other owner of the Company, any creditor, lender or any other person not a party hereto as against Lazard or any of its affiliates or any of their respective directors, officers, members, agents, employees or representatives. Unless otherwise expressly agreed, no one, other than the senior management or the Board of Directors of the Company, is authorized to rely upon the Company's engagement of Lazard or any statements, advice, opinions or conduct by Lazard. Without limiting the foregoing, any advice, written or oral, rendered to the Company's Board of Directors or management in the course of the Company's engagement of Lazard is solely for the purpose of assisting the Board of Directors or senior management, as the case may be, in evaluating any Restructuring or other transaction, and does not constitute a recommendation to any stakeholder of the Company that such stakeholder might or should take in connection with any Restructuring or any other transaction. Any advice,

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written or oral, rendered by Lazard may not be disclosed publicly or made available to third parties without the prior written consent of Lazard; however, Lazard's retention hereunder, but not the terms of the engagement, may be publicly disclosed by the Company. Notwithstanding the foregoing, nothing herein shall prohibit you from disclosing to any and all persons the tax treatment and tax structure of any Restructuring or other transaction and the portions of any materials that relate to such tax treatment or tax structure. Lazard's role herein is that of an independent contractor; nothing herein is intended to create or shall be construed as creating a fiduciary relationship between Lazard and the Company or its Board of Directors.

12. In connection with the services to be provided hereunder, Lazard may employ the services of its affiliates and Lazard Capital Markets LLC and may share with such entities any information concerning the Company, provided that Lazard and such entities shall hold any non-public information confidential in accordance with their respective customary policies relating to nonpublic information. Any such entities so employed shall be entitled to all of the benefits afforded to Lazard hereunder and under the Indemnification Letter and shall be entitled to be reimbursed for their costs and expenses on the same basis as Lazard.

13. The provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the Company, Lazard and any other person entitled to indemnity under the Indemnification Letter. You agree that the Company's obligations pursuant to this Agreement shall be joint and several. This Agreement and the related Indemnification Letter embody the entire agreement and understanding among the parties hereto and supersede any and all prior agreements, arrangements and understandings related to the matters provided for herein. This Agreement may be amended, modified or supplemented only by written instrument signed by the parties hereto.

14. This Agreement and any claim related directly or indirectly to this Agreement (including any claim concerning advice provided pursuant to this Agreement) shall be governed by and construed in accordance with the laws of the State of New York without regard to the principle of conflicts of law. No such claim shall be commenced, prosecuted or continued in any forum other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, and each of the parties hereby submits to the jurisdiction of such courts. The Company hereby waives on behalf of itself and its successors and assigns any and all right to argue that the choice of forum provision is or has become unreasonable in any legal proceeding. The Company waives all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to or arising out of the engagement of Lazard pursuant to, or the performance by Lazard of the services contemplated by, this Agreement.

15. This Agreement (a) amends and restates in its entirety the engagement letter between Lazard and the Company dated October 10, 2008 (the "Prior Agreement"); provided that we shall remain entitled to any fees accrued (collectively, "Prior Agreement Fees") and to reimbursement of any expenses incurred under the Prior Agreement and (b) supersedes that certain Dealer Manager Agreement dated as of November 25, 2008, which is hereby terminated as to Lazard and the Company. The total amount of Prior Agreement Fees accrued prior to the date hereof are equal to \$1,500,000 and have been paid in full.

16. For purposes hereof, the term "Controlled Subsidiaries," when used with respect to any party, shall mean any company or entity at least a majority of the securities or other interests of

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which are directly or indirectly owned or controlled by such party. By executing this Agreement, (i) Station hereby binds all of its Controlled Subsidiaries as parties hereto, except for any Controlled Subsidiary (other than Vista) that would, by becoming a party hereto, materially breach any material agreement to which such Controlled Subsidiary is a party, and (ii) Vista hereby binds all of its Controlled Subsidiaries as parties hereto.

If the foregoing Agreement is in accordance with your understanding of the terms of our engagement, please sign and return to us the enclosed duplicate hereof.

Very truly yours,


LAZARD FRERES & CO. LLC

By: \_\_\_\_\_  
Jim Millstein  
Managing Director

By:  \_\_\_\_\_  
Simon Furie  
Managing Director

Accepted and agreed to as of the date first written above:

STATION CASINOS, INC., on behalf of  
itself and its Controlled Subsidiaries

By:  \_\_\_\_\_  
Richard J. Haskins  
Executive Vice President  
and General Counsel

VISTA HOLDINGS, LLC, on behalf of  
itself and its Controlled Subsidiaries

By:  \_\_\_\_\_  
Richard J. Haskins  
Secretary



**LAZARD**  
ADDENDUM A

February 27, 2009

Station Casinos, Inc.  
1505 South Pavilion Center Drive  
Las Vegas, Nevada 89135

Attention: Richard J. Haskins  
Executive Vice President  
and General Counsel

Ladies and Gentlemen:

In connection with our engagement to advise and assist Station Casinos, Inc., Vista Holdings, LLC and their respective Controlled Subsidiaries (collectively, "you") with the matters set forth in the engagement letter of even date herewith, you and we are entering into this letter agreement. Terms used herein but not defined herein shall have the meanings ascribed to such terms in the engagement letter of even date herewith. It is understood and agreed that in the event that Lazard Frères & Co. LLC or any of our affiliates, or any of our or their respective directors, officers, members, employees, agents or controlling persons, if any (each of the foregoing, including Lazard Frères & Co. LLC, being an "Indemnified Person"), become involved in any capacity in any action, claim, proceeding or investigation brought or threatened by or against any person, including your securityholders, related to, arising out of or in connection with our engagement, you will promptly reimburse each such Indemnified Person for its reasonable legal and other expenses (including the cost of any investigation and preparation) as and when they are incurred in connection therewith. You will indemnify and hold harmless each Indemnified Person from and against any losses, claims, damages, liabilities or expenses to which any Indemnified Person may become subject under any applicable federal or state law, or otherwise, related to, arising out of or in connection with our engagement, whether or not any pending or threatened action, claim, proceeding or investigation giving rise to such losses, claims, damages, liabilities or expenses is initiated or brought by you or on your behalf and whether or not in connection with any action, claim, proceeding or investigation in which you or any such Indemnified Person are a party, except to the extent that any such loss, claim, damage, liability or expense is found by a court of competent jurisdiction in a judgment which has become final in that it is no longer subject to appeal or review to have resulted from such Indemnified Person's willful misconduct, bad faith or gross negligence. You also agree that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to you or your securityholders or creditors related to, arising out of or in connection with our engagement except to the extent that any loss, claim, damage or liability is found by a court of competent jurisdiction in a judgment which has become final in that it is no longer subject to appeal or review to have resulted from such Indemnified Person's willful misconduct, bad faith or gross negligence.

If for any reason the foregoing indemnification is held unenforceable (other than due to a failure to meet the standard of care set forth above), then you shall contribute to the loss, claim,

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damage, liability or expense for which such indemnification is held unenforceable in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by you and your securityholders and creditors on the one hand and the Indemnified Persons on the other hand in the matters contemplated by our engagement as well as the relative fault of yourselves and such persons with respect to such loss, claim, damage, liability or expense and any other relevant equitable considerations. You agree that for the purposes hereof the relative benefits received, or sought to be received, by you and your securityholders and creditors and the Indemnified Persons shall be deemed to be in the same proportion as (i) the total value paid or proposed to be paid by or to you and your securityholders and creditors, as the case may be, pursuant to any transaction (whether or not consummated) for which we have been engaged to perform investment banking services bears to (ii) the fees paid or proposed to be paid to us in connection with such engagement; provided, however, that, to the extent permitted by applicable law, in no event shall we or any other Indemnified Person be required to contribute an aggregate amount in excess of the aggregate fees actually paid to us for such investment banking services. Your reimbursement, indemnity and contribution obligations under this agreement shall be joint and several, shall be in addition to any liability which you may otherwise have, shall not be limited by any rights we or any other Indemnified Person may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of yourselves, ourselves, and any other Indemnified Persons.

You agree that, without our prior written consent (which will not be unreasonably withheld), you will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action, proceeding or investigation in respect of which indemnification or contribution could be sought hereunder (whether or not we or any other Indemnified Persons are an actual or potential party to such claim, action, proceeding or investigation), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Person from all liability arising out of such claim, action, proceeding or investigation. No waiver, amendment or other modification of this agreement shall be effective unless in writing and signed by each party to be bound thereby. This agreement and any claim related directly or indirectly to this agreement shall be governed and construed in accordance with the laws of the State of New York (without giving regard to the conflicts of law provisions thereof). No such claim shall be commenced, prosecuted or continued in any forum other than the courts of the State of New York located in the City and County of New York or the United States District Court for the Southern District of New York, and each of us hereby submits to the jurisdiction of such courts. You hereby waive on behalf of yourself and your successors and assigns any and all right to argue that the choice of forum provision is or has become unreasonable. You (on your own behalf and, to the extent permitted by applicable law, on behalf of your securityholders and creditors) waive all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to, arising out of or in connection with our engagement. This agreement shall remain in effect indefinitely, notwithstanding any termination or expiration of our engagement.

By executing this agreement, (i) Station hereby binds all of its Controlled Subsidiaries as parties hereto, except for any Controlled Subsidiary (other than Vista) that would, by becoming a party hereto, materially breach any material agreement to which such Controlled Subsidiary is a party, and (ii) Vista hereby binds all of its Controlled Subsidiaries as parties hereto.

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February 27, 2009

Very truly yours,


LAZARD FRERES & CO. LLC

By: \_\_\_\_\_  
Jim Millstein  
Managing Director


By:  \_\_\_\_\_  
Simon Furie  
Managing Director

Accepted and agreed to as of the date first written above:

STATION CASINOS, INC., on behalf of  
itself and its Controlled Subsidiaries

By:  \_\_\_\_\_  
Richard J. Haskins  
Executive Vice President  
and General Counsel

VISTA HOLDINGS, LLC, on behalf of  
itself and its Controlled Subsidiaries

By:  \_\_\_\_\_  
Richard J. Haskins  
Secretary