

STATION CASINOS INC  
Form PRRN14A  
March 07, 2005

NOTICE OF INTENDED PROXY CONTEST OVER SHAREHOLDER PROPOSALS

First released to shareholders March/\_\_\_/05

UNITE HERE

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RE: ANNUAL MEETING OF SHAREHOLDERS OF STATION CASINOS, INC.  
(NYSE: STN)

Est. Date: May 18, 2005  
Est. Location: Las Vegas, NV

STOCKHOLDER PROPOSALS WILL BE PRESENTED TO:

- (1) Strengthen shareholder rights by changing the "supermajority" voting provisions in the bylaws to simple majority;
- (2) Declassify the Board and institute annual election of Directors; and
- (3) Allow shareholders to vote on the Company's "poison pill" or redeem it.

To Fellow Station Casino, Inc. Shareholders:

We will be putting three proposals up for a vote at the next shareholders meeting. If you think you might support one of them, then please hold off returning a proxy card to management (unless such card gives you the opportunity to vote on the proposals). Instead, wait until you receive our proxy card containing these proposals.

Station Casinos has been one of the leading performers in the gaming industry. However, we are concerned about the Company's poor corporate governance practices and restrictions on shareholder rights. We believe the Company's arsenal of anti-takeover devices a classified board, a stockholder rights plan (or "poison pill"), blank check preferred stock, supermajority voting requirements, and restrictions on shareholders' ability to call special meetings or act by written consent serve to potentially entrench management and the Board of Directors from shareholders.

It is our opinion that enhancing shareholder rights at Station Casinos, rather than maintaining the Company's current entrenchment devices, is the best guarantee to ensure the continuing success of the Company.

Removing the Company's draconian anti-takeover devices is especially important given the unprecedented merger-and-acquisition activity in the gaming industry. In 2004, over \$22 billion

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in gaming deals were announced, and Boyd Gaming completed its \$1.4 billion acquisition of Coast Resorts, a major Station Casinos' competitor.

We believe the trend of consolidation among gaming operators is likely to continue a view backed by top gaming industry analysts:

"We believe that the industry could continue to experience consolidation, particularly among the small-cap operators, as the gap between them and the large caps continues to widen." (Lehman Brothers Global Equity Research, "Opportunity Knocks", Aug. 24, 2004)