STATION CASINOS INC
Form 11-K
June 29, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2006.

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission file number: *000-21640*

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

STATION CASINOS, INC. 401(k) RETIREMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

STATION CASINOS, INC.
2411 WEST SAHARA AVENUE
LAS VEGAS, NV 89102

STATION CASINOS, INC. 401(k) RETIREMENT PLAN

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of
Station Casinos, Inc. 401(k) Retirement Plan:

We have audited the accompanying statements of net assets available for benefits of Station Casinos, Inc. 401(k) Retirement Plan as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2006 and 2005, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the financial statements, in 2006 the Plan adopted Financial Accounting Standards Board Staff Position AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans*.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2006 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Las Vegas, Nevada
June 25, 2007

STATION CASINOS, INC.
401(k) RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2006	2005
Assets:		
Investments, at fair value	$ 97,673,520	$ 69,643,908
Receivables:		
Participant contributions	663,687	356,366
Employer contributions	128,876	82,993
Total receivables	792,563	439,359
Total assets	98,466,083	70,083,267
Liabilities:		
Contributions refundable	35,841	43,858
Total liabilities	35,841	43,858
Net assets at fair value	98,430,242	70,039,409
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	400,567	243,358
Net assets available for benefits	$ 98,830,809	$ 70,282,767

The accompanying notes are an integral part of these financial statements.

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STATION CASINOS, INC.

401(k) RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the years ended December 31, 2006	2005
Additions:		
Additions to net assets attributed to:		
Interest and dividends	$ 3,397,432	$ 2,656,421
Interest on participant loans	307,054	204,686
Net appreciation in fair value of investments	4,734,382	2,203,438
Transfers from another trust	7,130,001	
	15,568,869	5,064,545
Contributions:		
Participant	17,428,312	10,146,579
Employer	3,247,018	2,253,745
	20,675,330	12,400,324
Total additions	36,244,199	17,464,869
Deductions:		
Deductions from net assets attributed to:		
Benefits paid to participants	7,555,714	8,012,890
Administrative expenses	140,443	106,078
Total deductions	7,696,157	8,118,968
Net increase in net assets	28,548,042	9,345,901
Net assets available for benefits:		
Beginning of year	70,282,767	60,936,866
End of year	$ 98,830,809	$ 70,282,767

The accompanying notes are an integral part of these financial statements.

STATION CASINOS, INC.
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. **Description of the Plan**

The following description of the Station Casinos, Inc. 401(k) Retirement Plan (the Plan) provides only general information of the Plan, which has been legally established through a formal retirement Plan Document and Trust Agreement as amended. Participants should refer to the Plan Document for a more complete description of the Plan s provisions.

a. General

The Plan is a qualified, defined contribution plan that provides participant-directed investment programs to all eligible employees of Station Casinos, Inc. (the Company) and of certain other participating entities who have completed three months of service and have attained the age of 21. Employees who are non-resident aliens that work outside of the United States, who are covered by a collective bargaining agreement, or who are leased from other organizations are not eligible to participate. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

b. Plan Merger

Effective January 1, 2006, the Plan was amended to be a multiple employer plan and the Green Valley Ranch 401(k) Retirement Plan (GVR Plan) was merged into the Plan. The balances of the GVR Plan were transferred to the Plan on January 3, 2006. The total amount of funds transferred from the GVR Plan to the Plan was approximately $7.1 million. The Plan includes several adopting employers.

c. Contributions, Vesting and Allocation

Participants may make contributions to the Plan of any amount up to 100% of their annual compensation, but not to exceed the maximum dollar limit set by the Internal Revenue Service each year. Participants may make rollover contributions to the Plan. All participant contributions (including rollover contributions) plus actual earnings or losses thereon are immediately 100% vested and are nonforfeitable. Subject to the limitations described below, the Company makes matching contributions to the Plan on behalf of each participant in an amount equal to 50% of the first 4% of eligible compensation that a participant contributes to the Plan as pre-tax contributions. A participant is credited with a year of service for vesting purposes upon completion of 365 days (1 year) of service. A participant begins to vest in that portion of his or her account attributable to the Company s matching contributions as follows:

Vesting Service	**Vesting %**
Less than 1 year	0
1 year	20
2 years	40
3 years	60
4 years	80
5 or more years	100

Each year the Company may make an additional discretionary profit sharing contribution to the Plan. The discretionary contribution would be allocated among the accounts of eligible participants. Participants begin to vest in the discretionary contribution in the same manner as the Company s matching contribution outlined on the above schedule. In the event of termination of a participant by reason of death or disability, the full value of the participant s account as of the immediately preceding valuation date becomes vested. The Company did not make any discretionary contributions for the years ended December 31, 2006 and 2005.

All contributions are invested in multiples of 1% as designated by the participant. A participant may direct his/her contributions into any of 15 investment options, one of which is the Station Casinos Stock Fund (STN Stock Fund), which consists of Station Casinos, Inc. common stock. A participant may only invest up to 20% of his or her account balance in the STN Stock Fund. A participant may change his/her investment options daily, subject to certain Plan provisions. Participants should refer to the Plan documents for a complete description of the investment options as well as for the detailed composition of each investment fund.

d. Forfeitures

Subject to applicable regulations and the provisions of the Plan document, the portion of a participant s account that is not vested is forfeited when the participant terminates employment with the Company. These forfeitures are first used to pay administrative expenses of the Plan and then are used to reduce future employer contributions payable under the Plan. Forfeitures for the years ended December 31, 2006 and 2005 were approximately $105,000 and $80,000, respectively. During 2006 and 2005, the Company applied approximately $74,000 and $100,000, respectively, from the forfeiture account to reduce employer contributions. At December 31, 2006 and 2005, the balance in the forfeiture account was approximately $102,000 and $68,000, respectively.

e. Payment of Benefits

Effective for the January 1, 2006 plan year, upon a participant s death, disability, retirement from employment or termination of employment, a participant (or designated beneficiary) is entitled to receive his or her vested account balance in a lump sum payment. Additionally, participants with a vested account balance of less than $