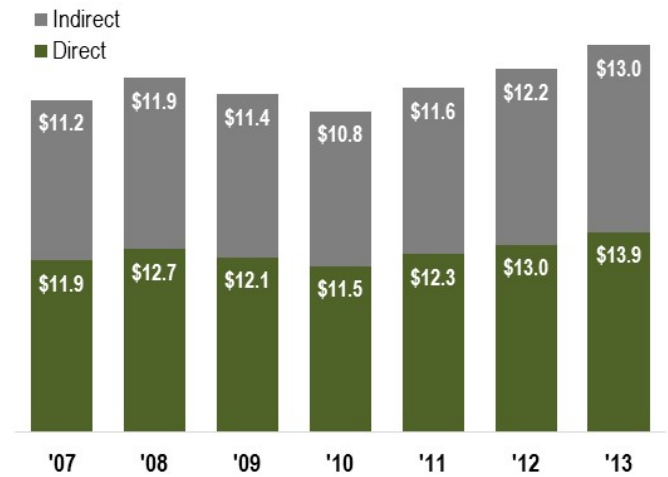


During the course of 2013, the overall global gaming equipment manufacturing industry reached new heights as key performance measures expanded beyond levels established in 2012. Working with the Association of Gaming Equipment Manufacturers (AGEM), Applied Analysis, a Nevada-based economic research and analysis firm, conducted a comprehensive assessment of the industry in conjunction with a survey of AGEM members. The findings from this analysis demonstrate the scale and scope of this important segment of the overall gaming industry.

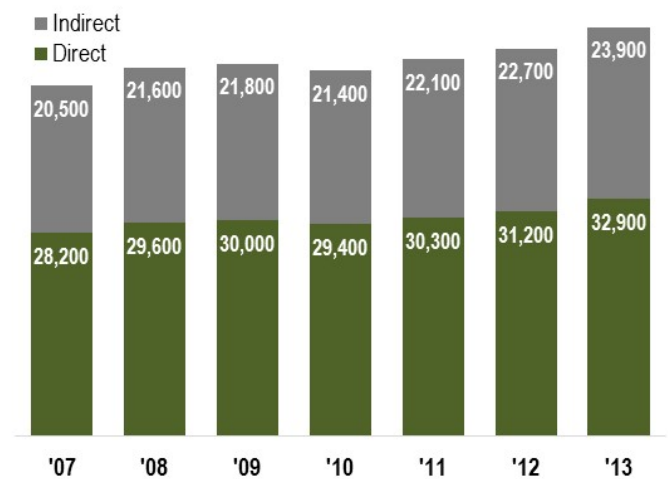
- Economic Output:** Direct output (revenue) sourced to the gaming equipment manufacturing industry pressed forward in 2013, reaching a total value of \$13.9 billion (+6.7 percent from 2012). Different geographic segments and product types drove the aggregate increase. In addition to direct output, indirect activity sourced to the industry reached \$13.0 billion for a combined impact of \$26.9 billion. Indirect impacts reflect those attributable to part suppliers and vendor purchases.
- Employment:** Total direct employment sourced to the industry also expanded beyond the prior year to 32,900 from 31,200, representing a 5.4-percent increase. When combined with indirect employment contributions of 23,900 in 2013, total employment supported by the industry reached 56,800.
- Salaries and Wages:** Incomes for those impacted by the industry also rose at a relatively healthy pace. Direct wages totaled \$2.5 billion in 2013, representing a 7.5-percent increase from the prior year. After considering the indirect impacts, total salaries and wages reached nearly \$4.2 billion. The average wage of industry workers reached approximately \$74,800, which represented a significant premium to the United States average annual wage of \$46,440.¹

During the past year, the global gaming equipment sector has evolved in response to rapidly changing technology, legislative changes (around the world), creative product designs and advancing software capabilities. The industry has become an increasingly integral part of the broader gaming industry as research and development activities have pressed the industry to incorporate the demands and desires of not only the consumer, but also the gaming operator. Watch for continued investments in the way products are made and how they are deployed around the globe.

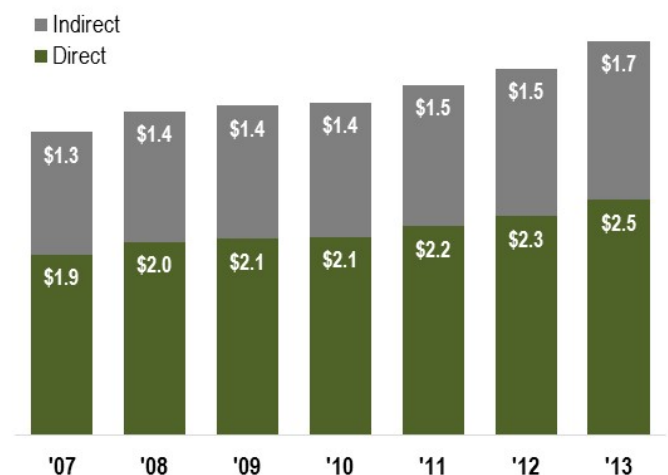
**Gaming Equipment Manufacturing
Economic Output (in billions), 2007 to 2013**



**Gaming Equipment Manufacturing
Employment, 2007 to 2013**



**Gaming Equipment Manufacturing
Salaries and Wages (in billions), 2007 to 2013**

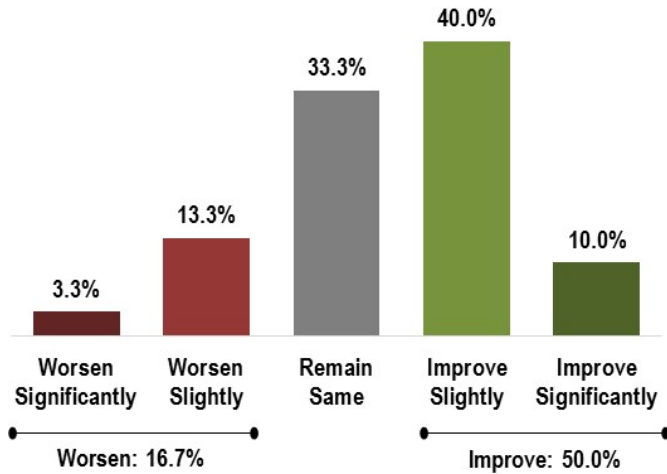


¹ Bureau of Labor Statistics May 2013 National Occupational Wage Estimate (latest available data).

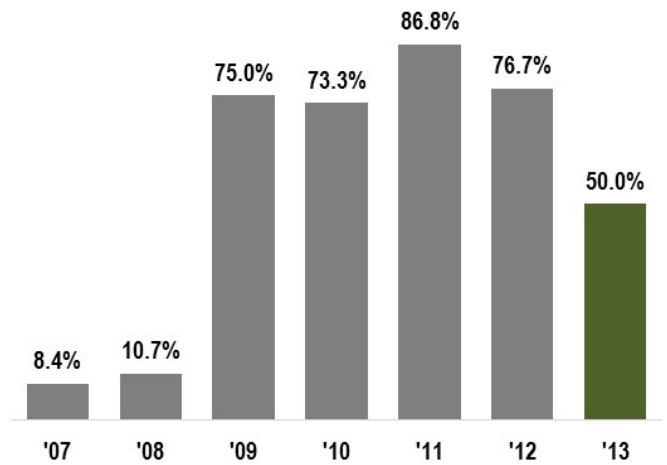
Applied Analysis worked cooperatively with AGEM's membership to conduct a sentiment and research survey to gauge the equipment manufacturing industry's perception of the market and other key operational attributes. A few of the key areas surveyed are highlighted below.

Market Expectations: Approximately one-half of AGEM members believe that market conditions in the next 12 months will improve from the prior year, while one-third expect conditions will remain the same. A relatively modest 16.7 percent of respondents indicated they expect conditions to worsen in the coming year. Compared to prior years, expectations appear to be softening somewhat as the competitive landscape has expanded.

**Survey of Gaming Equipment Manufacturers
Market Expectations for the Next 12 Months**



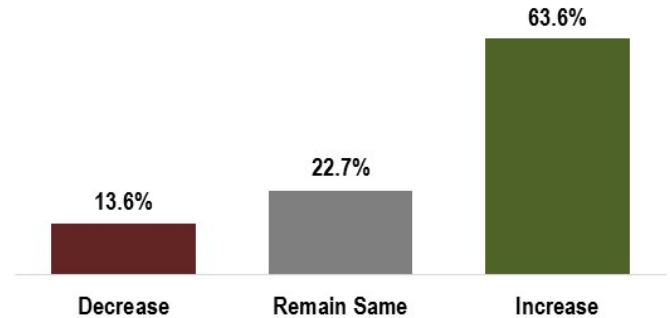
**Survey of Gaming Equipment Manufacturers
Expect Improving Conditions for the Next 12 Months
(Historical Trend)**



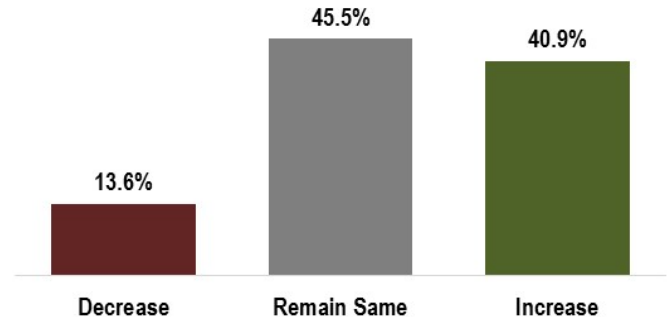
Sources: Association of Gaming Equipment Manufacturers (AGEM) and Applied Analysis. Totals may not sum due to rounding.

Historical AGEM Member Performances: The majority of survey respondents indicated that revenues, employment and salaries increased or remained the same in 2013 when compared to the prior year. More specifically, nearly two-thirds of respondents (63.6 percent) indicated revenues in 2013 increased from 2012, while another 22.7 percent suggested revenues remained the same. From an employment perspective, four out of 10 respondents (40.9 percent) indicated headcounts were up in 2013, while another 45.5 percent held positions about the same. Substantially all firms indicated that their salaries and wages either held constant or increased during 2013 when compared to the prior year; an estimated 4.5 percent of companies suggested that salaries decreased year-to-year. It is worth noting the size and mix of companies surveyed may vary from broader economic impact performances noted elsewhere in this analysis.

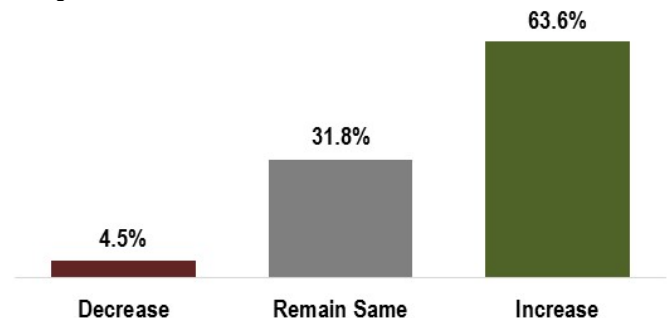
**2013 Revenue Performance Compared to 2012
Among AGEM Members**



**2013 Employment Performance Compared to 2012
Among AGEM Members**



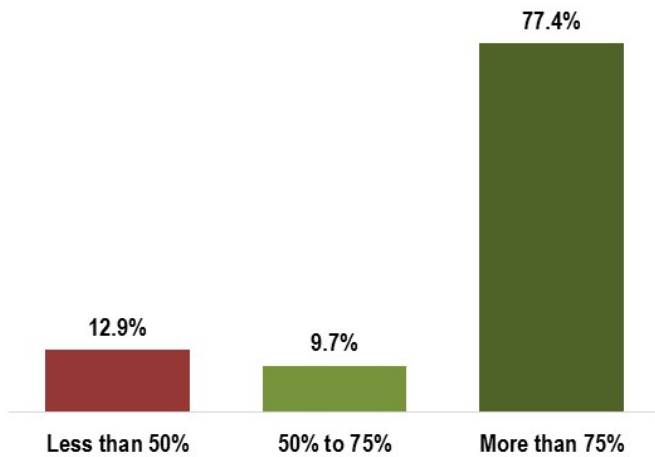
**2013 Salary Performance Compared to 2012
Among AGEM Members**



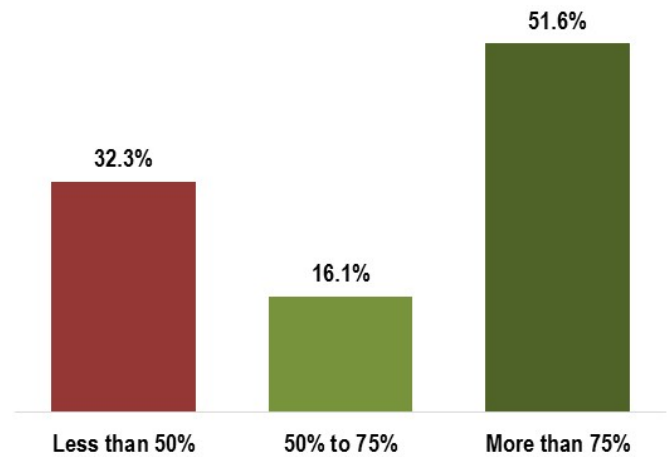
Health Care Contributions: The gaming equipment manufacturing industry continues to support their employees by providing employer-sponsored health care programs. Approximately 77.4 percent of surveyed companies indicated they offer employer-sponsored health care plans to at least 75 percent of their workforce. Another 9.7 percent offered plans to between 50 and 75 percent of their employees. During the past year, the number of surveyed firms providing plans for at least 50 percent of their workforce was on the rise. Health-care offerings within the industry have remained relatively high.

Retirement Contributions: Improvements were also noted in the number of firms providing employer-sponsored retirement plans to their workforce. More than one-half (51.6 percent) of respondents indicated their firms provide employer-sponsored retirement programs to more than 75 percent of their workforce. When combined with those indicating they provide retirement plans to 50 percent or more of their employees, the figure jumps to two-thirds of firms (67.7 percent). Compared to a year ago, the number of companies participating in retirement programs has increased significantly.

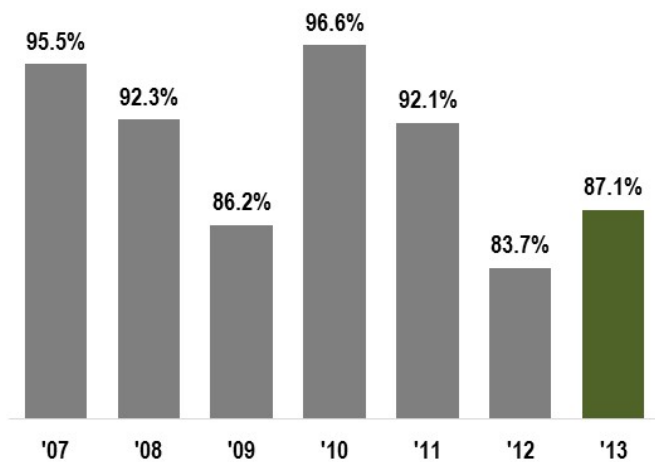
**Survey of Gaming Equipment Manufacturers
Employer-Sponsored Health Care Plans**



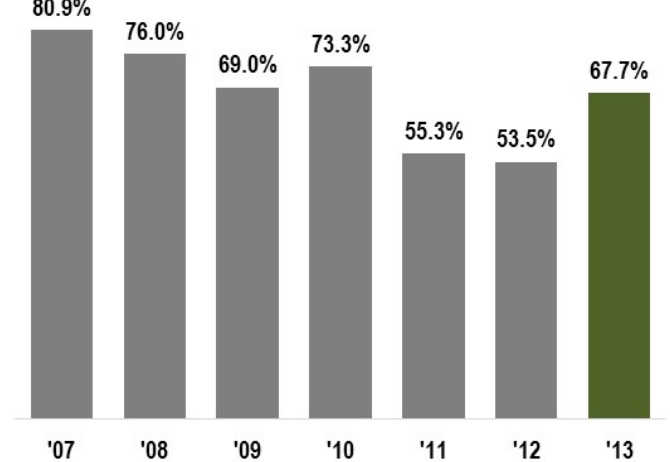
**Survey of Gaming Equipment Manufacturers
Employer-Sponsored Retirement Plans**



**Survey of Gaming Equipment Manufacturers
Employer-Sponsored Health Care Plans: Those Offering Plans to at Least 50 percent of Their Workforce (Historical Trend)**



**Survey of Gaming Equipment Manufacturers
Employer-Sponsored Retirement Plans: Those Offering Plans to at Least 50 percent of Their Workforce (Historical Trend)**



Sources: Association of Gaming Equipment Manufacturers (AGEM) and Applied Analysis. Totals may not sum due to rounding.

Association of Gaming Equipment Manufacturers (AGEM)/Applied Analysis (AA)

In 2014, the Association of Gaming Equipment Manufacturers (AGEM) retained Applied Analysis (AA) to prepare an updated economic impact analysis for the global gaming supplier segment of the gaming industry.

Economic impact measures were segmented into direct impacts and indirect impacts. Direct impacts measure the effects of the specific force being considered. In this case, gaming equipment manufacturing jobs are considered direct jobs, and the wages and salaries they are paid are considered direct personal income. Indirect impacts consider how other businesses respond to the impacting condition. Employees at part suppliers, for example, are considered indirect employees to the extent their jobs are dependent, in full or in part, on the suppliers' income generated by industry-related purchases.

To identify and model the interrelationships in the economy, IMPLAN (Impact Analysis for Planning) software and databases were used. IMPLAN is an input-output model (or econometric system) that utilizes complex economic equations to explain how the "outputs" of one industry become the "inputs" of others, and vice versa. This relationship is sometimes referred to as the "multiplier effect," illustrating how changes in one sector of the economy can affect other sectors.

AGEM is an international non-profit trade association representing manufacturers and suppliers of electronic gaming devices, systems, table games, key components and support products and services for the gaming industry. AGEM works to further the interests of gaming equipment suppliers throughout the world. Through political action, trade show partnerships, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization. AGEM has assisted regulatory commissions and participated in the legislative process to solve problems and create a business environment where AGEM members can prosper while providing a strong level of support to education and responsible gaming initiatives.

Applied Analysis (AA) is a Nevada-based economic analysis and gaming consulting firm with extensive experience in preparing economic and fiscal impact analyses. AA also maintains a broad range of gaming experience and has performed work for some of the largest gaming companies in the world. AA has been retained by several organizations to review and analyze the economic, fiscal and social impacts of community investments and operations. This includes impacts on employment, wages and output as well as impacts on tax collection and public service demands.

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