

AGEM Index

Association of Gaming Equipment Manufacturers

August 2010

After a modest uptick last month, the AGEM Index retreated downward during the month of August, erasing the gains witnessed in the prior month of July. The composite score of 17 global gaming suppliers shrank 2.68 points, reaching a value of 87.89 by the close of August 2010. While the 2.96-percent decline is much less than the double-digit drops witnessed during May and June, the latest movement is a concern that gaming suppliers will have more difficulty sustaining a long period of recovery. For comparison purposes, the nearly 3-percent decline in the AGEM Index was less scathing than the broader equities markets. The Dow Jones Industrial Average and Standard and Poor's 500 Index shed 4.3 percent and 4.7 percent during the month of August, respectively.

With economic uncertainty continuing and the possibility of a double-dip recession, global gaming suppliers will continue to be pressured in the near term. Further contraction in consumer spending could tighten gaming operators' resources and their ability to fund

new projects and replacement equipment. That said, selected markets, including those abroad, have managed to outperform most domestic operations.

Selected positive contributors to the index during the month included:

- Aristocrat Technologies (ATI) adding 0.92 points to the index based on a 9.73-percent increase in its stock performance.
- Konami (KNM) contributing 0.47 points to the index based on a 3.89-percent gain in its stock valuation.

Selected negative contributors to the index included:

- International Game Technology (IGT) posting -1.03 points to the index with a 4.20-percent decline in its stock price.
- Lottomatica (LTO) with its stock price dropping 5.45 percent, contributing -1.01 points to the index.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change			Index Contribution
		Aug-10	Jul-10	Aug-09	Prior Period	Prior Year		
Ainsworth Game Technology	ASX: AGI (AU\$)	0.13	0.08	0.06	62.50	136.36	0.11	
Aristocrat Technologies	ASX: ALL (AU\$)	3.72	3.39	4.62	9.73	(19.48)	0.92	
Astro Corp.	Taiwan: 3064 (NT\$)	46.10	53.80	58.30	(14.31)	(20.93)	(0.09)	
Bally Technologies	NYSE: BYI (US\$)	31.45	32.30	40.43	(2.63)	(22.21)	(0.25)	
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.23	0.24	0.22	(4.17)	6.48	(0.01)	
GameTech International	Nasdaq: GMTC (US\$)	0.36	0.60	1.92	(40.00)	(81.25)	(0.01)	
Gaming Partners International	Nasdaq: GPIC (US\$)	5.96	6.72	6.00	(11.31)	(0.67)	(0.03)	
Global Cash Access	NYSE: GCA (US\$)	3.62	4.11	7.25	(11.92)	(50.07)	(0.16)	
IGT	NYSE: IGT (US\$)	14.60	15.24	20.92	(4.20)	(30.21)	(1.03)	
INTRALOT S.A.	ATHEX: INLOT (€)	3.10	3.40	4.40	(8.82)	(29.55)	(0.39)	
Konami	NYSE: KNM (US\$)	16.03	15.43	19.66	3.89	(18.46)	0.47	
Lottomatica (GTECH)	MILAN: LTO.MI (€)	10.75	11.37	15.69	(5.45)	(31.49)	(1.01)	
Multimedia Games	Nasdaq: MGAM (US\$)	3.49	4.20	5.02	(16.90)	(30.48)	(0.09)	
Shuffle Master	Nasdaq: SHFL (US\$)	7.95	8.79	7.58	(9.56)	4.88	(0.23)	
Transact Technologies	Nasdaq: TACT (US\$)	7.71	7.04	5.43	9.52	41.99	0.04	
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.50	2.15	1.53	16.28	63.40	0.03	
WMS Industries	NYSE: WMS (US\$)	35.34	38.51	42.33	(8.23)	(16.51)	(0.95)	
Change in Index Value							(2.68)	
AGEM Index Value: July 2010							90.57	
AGEM Index Value: August 2010							87.89	

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Without raising taxes or severely cutting services, insolvency looms for many state governments who continue to make gambling a core issue and a possible budget-gap savior among lawmakers and voters. These potential “new money” fixes can be challenging to implement.

The expansion of gaming, in part due to the Great Recession, is not helping existing gaming operators, particularly in New Jersey. Pressure continues to be exerted on Atlantic City, where Governor Chris Christie is trying to improve the area’s economic situation by suggesting the state take over operations of the casino-tourism district. Additionally, New Jersey continues its fight to legalize sports betting, currently banned in the state by federal law, but may not generate significant incremental revenue from gamblers in neighboring states, which are continuing to proliferate their own hometown gaming operations.

Genting, a Malaysian gaming company received approval to operate the casino at Aqueduct Racetrack in Queens, New York, which is expected to open next year with approximately 4,500 slot machines.

West of New Jersey, the planned Mason-Dixon Resort & Casino near the Gettysburg National Military Park is undergoing public hearings as it vies for a Pennsylvania state casino license. In August, the Gettysburg

Battlefield Preservation Association said it supports the 600 slots and 50-table-game hotel-casino proposal.

In Toledo, Ohio, Penn National Gaming’s Hollywood Casino broke ground in August. Harrah’s also signed a deal to become part-owner and operator of Cincinnati’s and Cleveland’s casinos. The Cincinnati casino is expected to break ground before the end of the year.

In Las Vegas, The Cosmopolitan of Las Vegas announced that it would partner with Marriott International Inc. The 3,000-room casino-resort, adjacent to MGM Resorts International’s CityCenter is expected to open in December, adding thousands of slot machines to the market.

The Las Vegas Sands Corporation announced that its third casino in Macau is facing construction delays due to a shortage of construction workers. The resort will likely open during the fourth quarter of 2011.

While operators are expanding with the proliferation of gaming in new territories, saturation is of concern for many communities and the push for legalizing online gambling in the U.S. is slowly being endorsed with the latest move by the House Financial Services Committee, passing HR 2667 in late July, which regulates online gambling. This is a small step in a very long process that could significantly impact how gaming operators and suppliers conduct business.



The AGEM Index

The Association of Gaming Equipment Manufacturers (AGEM) produces the monthly AGEM Index that comprises 17 global gaming suppliers throughout the world. A total of 12 suppliers are based in the United States and are listed on the NYSE, Nasdaq, or AMEX, while two trade on the Australian exchange, one supplier trades on the Athens exchange, one trades on the Milan exchange, and another trades on the Taiwan OTC exchange. The index is computed based on the month-end stock price (adjusted for dividends and splits) of each company and weighted based on approximation of market capitalization. Market capitalizations for manufacturers trading on foreign exchanges have been converted to US dollar-equivalents as of month-end for comparability purposes. The AGEM Index is based on a 100-point value as of January 2005.

About AGEM

AGEM is an international trade association representing manufacturers of electronic gaming devices, systems, and components for the gaming industry. The Association works to further the interests of gaming equipment manufacturers throughout the world. Through political action, tradeshow partnerships, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization. Together, AGEM and its member organizations have assisted regulatory commissions and participated in the legislative process to solve problems and create a positive business environment.

AGEM Index and Overview



The AGEM index and overview is prepared by Applied Analysis (AA). AA is a Nevada-based advisory services firm providing consultation services for public and private entities. The company utilizes extensive experience in economics, information technology and finance to provide a wide range of services, including urban economic consulting, financial advisory services, market analysis, public policy analysis, hospitality industry and gaming consulting, and information system and technology consulting.

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AGEM Membership Roster

The current AGEM membership roster, 100 strong, is a who's who of the supplier segment of the global gaming industry:

AGEM Gold Members:

- Aristocrat Technologies
- Aruze Gaming America
- Austrian Gaming Industries
- Bally Technologies
- GTECH/Atronic/Spielo
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- WMS Gaming

AGEM Silver Members: Action Gaming, American Gaming Systems (AGS), Casino Technology, JCM Global, MEI, Multimedia Games, Shuffle Master, Suzo-Happ Group, TCSJohnHuxley and Wells-Gardner Electronics.

AGEM Bronze Members: AC Coin & Slot, Acres 4.0, Ainsworth Game Technology, Astro Corp., Bingotimes Technology, Borden Technology, Cadillac Jack, Cammegh Limited, CashCode / Crane Payment Solutions, Diamond Game, Digital Display Group, Entropy Precision System, Euro Games Technology (EGT), GameTech International, Gaming Partners International, Gaming Support, Incredible Technologies, Interblock USA, Jumbo Technology, KGM Gaming, Lightning Gaming, Matsui Gaming Machine Co., MCA Processing, Modern Gaming, Rocket Gaming Systems, Summit Gaming, THT and Winning Asia Technology.

AGEM Associate Members: 3M Touch Systems, AxesNetwork Solutions, Bullivant Houser Bailey, Casino Enterprise Management, CMYK Creative, Codespace Gaming, Cole Kepro International, Cybertec Gaming Systems, Diamond Casino Products, DynaGraphic Printing, Elite Casino Products, Esterline Advanced Input Systems, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Global Cash Access, Global Gaming Group (G3), Grand Products, Heber Ltd., Howard & Howard, IDX, Intel, IPS, James Industries, KEY-BAK, Kreller Group, Lewis & Roca, Lincoln Industries, Masterpiece Advertising, MC2, Money Controls, Nanoptix, Outpost Creative, Phelps Dunbar, Proforma GPS, Quixant Ltd., Regulatory Management Counselors, Rye Park Gaming, Sanmina-SCI, SCA Gaming, Strategy9, StylGame USA, Talent Associates, The Bright Group, Tournament One, TMX, Trade Show Fabrications, TransAct Technologies, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).