

AGEM Index

Association of Gaming Equipment Manufacturers

October 2010

For the second consecutive month, the AGEM Index witnessed steady growth. The composite score of 17 global gaming suppliers grew by 6.16 points, or 6.62 percent, to 99.20. The latest report puts the index closer to where it was earlier in the year before shedding more than 27 points in May and June. Compared to a year ago, the index remains down 6.3 percent. Unlike the previous month, the AGEM Index clearly outpaced the broader market measurements as the Dow Jones Industrial Average and Standard and Poor's 500 Index increased 3.0 percent and 3.2 percent, respectively, during the month of October.

Evidence suggests gaming revenues within the United States have begun to stabilize and the outlook for convention and business travel will pick up in 2011. Nevertheless, with gaming revenues in many jurisdictions remaining at levels not seen since earlier in the decade, it is expected that capital expenditures to replace antiquated gaming equipment and systems will remain modest in the near term. With many gaming operators holding cash to strengthen balance sheets

and seek out new opportunities, particularly abroad, global gaming suppliers will likely not return to historical norms until a more aggressive recovery in the labor force, discretionary spending and travel takes hold.

Selected positive contributors to the index during the month included:

- WMS Gaming (WMS) with a stock price increase of 14.60 percent, adding 1.90 points to the index.
- International Game Technology (IGT) posting 1.89 points to the index based on a 7.89-percent gain in its stock valuation.

Selected negative contributors to the index included:

- Global Cash Access (GCA) contributing -0.14 points to the index with a 10.78-percent decline in its stock price.
- Konami (KNM) with its stock price dropping 0.74 percent, contributing -0.09 points to the index.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Oct-10	Sep-10	Oct-09	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	0.15	0.13	0.17	15.38	↑ (9.09)	0.03
Aristocrat Technologies	ASX: ALL (AU\$)	3.51	3.53	4.52	(0.57)	↓ (22.35)	0.01
Astro Corp.	Taiwan: 3064 (NT\$)	50.50	48.60	68.10	3.91	↑ (25.84)	0.03
Bally Technologies	NYSE: BYI (US\$)	36.08	34.95	39.39	3.23	↑ (8.40)	0.32
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.41	0.27	0.28	51.85	↑ 46.43	0.13
GameTech International	Nasdaq: GMTC (US\$)	0.27	0.36	1.33	(25.00)	↓ (79.70)	(0.00)
Gaming Partners International	Nasdaq: GPIC (US\$)	5.40	5.90	4.51	(8.47)	↓ 19.73	(0.02)
Global Cash Access	NYSE: GCA (US\$)	3.64	4.08	6.33	(10.78)	↓ (42.50)	(0.14)
IGT	NYSE: IGT (US\$)	15.59	14.45	17.84	7.89	↑ (12.61)	1.89
INTRALOT S.A.	ATHEX: INLOT (€)	3.14	2.84	4.37	10.56	↑ (28.15)	0.46
Konami	NYSE: KNM (US\$)	17.53	17.66	18.54	(0.74)	↓ (5.45)	(0.09)
Lottomatica (GTECH)	MILAN: LTO.MI (€)	11.98	11.24	14.52	6.58	↑ (17.49)	1.30
Multimedia Games	Nasdaq: MGAM (US\$)	3.92	3.70	4.91	5.95	↑ (20.16)	0.03
Shuffle Master	Nasdaq: SHFL (US\$)	9.41	8.41	7.81	11.89	↑ 20.49	0.31
Transact Technologies	Nasdaq: TACT (US\$)	7.87	8.00	5.67	(1.63)	↓ 38.80	(0.01)
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.93	2.10	1.92	(8.10)	↓ 0.52	(0.01)
WMS Industries	NYSE: WMS (US\$)	43.63	38.07	39.98	14.60	↑ 9.13	1.90
Change in Index Value							6.16
AGEM Index Value: September 2010							93.04
AGEM Index Value: October 2010							99.20

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Finding a way to progress out of the worst economic downturn since the 1930s, gaming operators are limited to their core business – gaming – but adding value by how they operate, under what brand, and with whom, is always evolving. This has never been more clear than in the emerging recovery.

In a tit-for-tat like response, Las Vegas Sands is considering changing its name, including the removal of “Las Vegas”, to highlight its presence and operations throughout world. The news comes just months after MGM Mirage officially became MGM Resorts International under the same precept. These further reaching brands are likely in anticipation of further expansions, particularly abroad – a condition that may likely benefit equipment and systems makers.

In another effort to add value by extending its customer reach around the world and from the playbook of the soon-to-open The Cosmopolitan of Las Vegas, Las Vegas Sands announced that it would collaborate on a marketing deal with InterContinental Hotels Group (IHG). The 10-year deal gives IHG the ability to offer the Venetian and Palazzo resorts to its 52 million Priority Club members. The deal gives IHG its first luxury presence in Las Vegas, and provides Las Vegas Sands the ability to tap into a new customer segment, which could boost its occupancy and convention business. The Cosmopolitan Las Vegas, which is scheduled to

open next month, made a similar move entering into a distribution agreement with Marriott International’s Autograph Collection, its portfolio of luxury hotels and resorts including The Ritz-Carlton, which will be featured as a partner hotel online. The agreement gives Marriott’s 32 million customers the ability to participate in its loyalty program, the only resort to do so at the core of the Las Vegas Strip. The latest moves are just another way gaming operators are trying to add value and diversify streams of revenue.

Gaming operators are also looking to add value by raising additional capital to fuel new opportunities or repay debt. Expansion opportunities bode well for global gaming suppliers.

The Nevada Gaming Commission granted Harrah’s, whom went private in 2008, approval for a public stock offering. In an effort to raise more than \$500 million, Harrah’s will likely use the additional capital to complete its Octavius Tower at Caesar’s Palace in Las Vegas and build casinos in both Cleveland and Cincinnati, Ohio. Wynn Resorts Limited also filed a registration statement planning to sell additional stock shares. Details were not included, but cash infusions at gaming operators may position them to reinvest in their operations, including the replacement of gaming systems and hardware.



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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, 103 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), Galaxy Gaming, GameTech International, Gaming Partners International, Gaming Support, Incredible Technologies, Interblock USA, Jumbo Technology, 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, Chetu, CMYK Creative, Codespace Gaming, Cole Kepro International, Cybertec Gaming Systems, Diamond Casino Products, DynaGraphic Printing, Elite Casino Products, Esterline Advanced Input Systems, Flextronics, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Global Cash Access, Global Gaming Group (G3), Grand Products, Heber Ltd., Howard & Howard, IDX, Innocore Gaming, 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).