

AGEM Index

Association of Gaming Equipment Manufacturers

November 2010

While modest stock price gains were witnessed in the majority of global gaming suppliers during the month of November, the AGEM Index tipped downward as a result of a few manufacturers traded on exchanges outside of the U.S. impacted the composite score. The index of 17 global gaming suppliers declined by 3.45 points, or 3.48 percent, to 95.75. For more than six months, the index has hovered within a tight range, struggling to return to its 100-plus point levels, which were observed for nearly a year prior to the current slump. Compared to a year ago, the index remains down 8.6 percent. The AGEM Index clearly outpaced the broader market measurements to the negative side as the Dow Jones Industrial Average and Standard and Poor's 500 Index decreased by a more modest 1.0 percent and 0.2 percent, respectively, during the month of November.

The latest operating results from global gaming suppliers continue to reflect a continuing uncertainty and lower levels of demand for products and services. Suppliers such as International Game Technology (IGT) recently wrote that demand has been “negatively

affected by global macroeconomic factors” and Bally Technologies (BYI) continues “operating in a challenging economic environment.” These trends will likely continue in the near term.

Selected positive contributors to the index during the month included:

- Bally Technologies (BYI) adding 1.06 points to the index, with a stock price increase of 8.56 percent.
- Konami (KNM) posting a 6.27-percent gain in its stock valuation, contributing 0.92 points to the index.

Selected negative contributors to the index included:

- Lottomatica (LTO) with its stock price dropping 21.08 percent, contributing -3.16 points to the index.
- Aristocrat Technologies (ATI) contributing -2.12 points to the index with a 25.93-percent decline in its stock price.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Nov-10	Oct-10	Nov-09	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	0.16	0.15	0.19	6.67	(15.79)	0.01
Aristocrat Technologies	ASX: ALL (AU\$)	2.60	3.51	4.03	(25.93)	(35.48)	(2.12)
Astro Corp.	Taiwan: 3064 (NT\$)	60.50	50.50	73.20	19.80	(17.35)	0.16
Bally Technologies	NYSE: BYI (US\$)	39.17	36.08	41.53	8.56	(5.68)	1.06
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.38	0.41	0.28	(7.32)	35.71	(0.02)
GameTech International	Nasdaq: GMTC (US\$)	0.44	0.27	1.46	62.96	(69.86)	0.02
Gaming Partners International	Nasdaq: GPIC (US\$)	5.74	5.40	5.30	6.30	8.30	0.02
Global Cash Access	NYSE: GCA (US\$)	2.28	3.64	7.44	(37.36)	(69.35)	(0.32)
IGT	NYSE: IGT (US\$)	15.48	15.59	18.89	(0.71)	(18.05)	(0.19)
INTRALOT S.A.	ATHEX: INLOT (€)	2.58	3.14	3.68	(17.83)	(29.89)	(0.70)
Konami	NYSE: KNM (US\$)	18.63	17.53	16.51	6.27	12.84	0.92
Lottomatica (GTECH)	MILAN: LTO.MI (€)	9.46	11.98	13.34	(21.08)	(29.12)	(3.16)
Multimedia Games	Nasdaq: MGAM (US\$)	4.32	3.92	5.49	10.20	(21.31)	0.07
Shuffle Master	Nasdaq: SHFL (US\$)	10.73	9.41	8.17	14.03	31.33	0.47
Transact Technologies	Nasdaq: TACT (US\$)	9.06	7.87	6.21	15.12	45.89	0.08
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.00	1.93	2.41	3.63	(17.01)	0.00
WMS Industries	NYSE: WMS (US\$)	44.35	43.63	38.88	1.65	14.07	0.25
Change in Index Value							(3.45)
AGEM Index Value: October 2010							99.20
AGEM Index Value: November 2010							95.75

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New casinos tend to push the limits of design and technology, changing the gambling landscape. While several are currently being constructed (which will probably live up to this mantra), lawmakers and regulators continue to show that they are likely to have a significant impact on driving the future of where and how people wager bets. This has been rather evident over the last month.

In Kansas, the Lottery Gaming Facility Review Board will be reviewing proposals for a state-owned casino in the Wichita area. Their decision will likely be made by December 15, giving the chosen developer a hold on the market as Kansas law only allows one casino in the area. Similar decisions are being made by other regulators, including the Pennsylvania Gaming Control Board, which held hearings on four proposed casinos, including a controversial proposal by Mason-Dixon Resorts near Gettysburg.

In November, the Missouri Gaming Commission completed their reviews of proposals for the final gaming facility in the state, unanimously approving a new site for the Cape Girardeau area by Isle of Capri.

Proposals for casinos in new jurisdictions can provide a significant impact for global gaming suppliers but in places where gambling has been existence for many years, lawmakers still play an important role in expanding the presence of casinos. The New Jersey

Legislature approved a bill in November permitting smaller casinos to be built in Atlantic City. If signed by the Governor, it will change the current law which requires casino hotels to have a minimum of 500 rooms. A portion of the bill would allow boutique hotels to have no more than 20,000 square feet of gaming with only 200 hotel rooms.

However, what is likely to change the future landscape of gambling may not need land at all. Senator Harry Reid has drafted a bill that would reverse laws previously passed in 2006 effectively banning online wagering. The bill would allow only existing operators of casinos, horse tracks and slot-machine manufacturers to operate online poker websites for the first two years, if passed.

Online gambling, even if initially limited to poker, is estimated to be very lucrative as an estimated 10 million United States poker players already play at websites located outside the country. The difficulty ahead is that there are less than three weeks left in an already busy lame-duck session. Nevertheless, it may be more difficult to approve the bill if it's not passed during the current legislative session as several leading Republicans have already voiced their opposition to legalize online gambling. With Republicans holding the majority in the house when Congress reconvenes next year, timing and politics will play a significant role.



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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.

For More Information, Contact:

Marcus Prater, Executive Director

P.O. Box 50049, Henderson, NV 89016-0049

702.812.6932 | AGEM.org@cox.net

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).

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