

AGEM Index

Association of Gaming Equipment Manufacturers

April 2011

Positioning itself to higher ground during the month of April, the AGEM Index increased 7.35 points, or nearly 7.0 percent, with the index of 117 publicly traded global gaming suppliers ending the month at 112.57. Although the index has seen a mix of fluctuations over the last six months, it remains 13.37 points higher during the same period. The latest movement pushed the index to a level it has not witnessed in a year.

Although significant gains have been made recently, the overall index has a larger distance to cover before rebounding to its previous peak of 154.70 reached in February 2008. At today's levels, 10 of the 17 index members have a lower stock value and market capitalization than a year ago, suggesting investors are still uncertain about risks in the gaming manufacturing sector. That may wane if the index continues to show its quickness in moving upward, especially when compared to peer-equity groups and indices which it outperformed in April. The Standard & Poor's 500 Index and the NASDAQ Composite increased 2.6 percent and 3.3 percent, respectively. The Dow Jones Industrial

Average rose a respectable 4.0 percent during the month of April. Selected positive contributors to the index during the month included the following:

- Lottomatica (LTO) reported an 18.65-percent gain in its stock price, adding 5.12 points to the index and accounting for the largest share of the index's rise.
- International Game Technology (IGT) contributed 2.61 points to the index with a 9.00 percent gain in its stock valuation.

Selected negative contributors to the index included:

- Aristocrat Technologies (ALL) reduced the composite index by 1.24 points with a 19.38-percent decline in its stock price.
- WMS Industries (WMS) reported a stock price decline of 7.21 percent during the latest reporting period, contributing -0.75 points to the index.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change			Index Contribution
		Apr-11	Mar-11	Apr-10	Prior Period	Prior Year		
Ainsworth Game Technology	ASX: AGI (AU\$)	0.25	0.25	0.12	-	108.33	0.02	
Aristocrat Technologies	ASX: ALL (AU\$)	2.62	3.25	4.29	(19.38)	(38.93)	(1.24)	
Astro Corp.	Taiwan: 3064 (NT\$)	66.90	61.90	56.20	8.08	19.04	0.09	
Bally Technologies	NYSE: BYI (US\$)	38.99	37.85	46.12	3.01	(15.46)	0.34	
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.32	0.35	0.28	(8.57)	14.29	(0.02)	
GameTech International	Nasdaq: GMTG (US\$)	0.20	0.32	2.09	(37.50)	(90.43)	(0.00)	
Gaming Partners International	Nasdaq: GPIC (US\$)	7.08	6.90	7.87	2.61	(10.04)	0.01	
Global Cash Access	NYSE: GCA (US\$)	3.30	3.27	8.68	0.92	(61.98)	0.01	
IGT	NYSE: IGT (US\$)	17.69	16.23	21.08	9.00	(16.08)	2.61	
INTRALOT S.A.	ATHEX: INLOT (€)	2.41	2.45	3.25	(1.63)	(25.85)	0.11	
Konami	NYSE: KNM (US\$)	19.70	18.46	19.98	6.72	(1.40)	0.97	
Lottomatica (GTECH)	MILAN: LTO.MI (€)	15.08	12.71	13.66	18.65	10.40	5.12	
Multimedia Games	Nasdaq: MGAM (US\$)	5.87	5.73	4.55	2.44	29.01	0.02	
Shuffle Master	Nasdaq: SHFL (US\$)	10.93	10.68	9.60	2.34	13.85	0.08	
Transact Technologies	Nasdaq: TACT (US\$)	11.58	11.89	7.49	(2.61)	54.61	(0.02)	
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.99	2.10	2.19	(5.24)	(9.13)	(0.01)	
WMS Industries	NYSE: WMS (US\$)	32.80	35.35	50.02	(7.21)	(34.43)	(0.75)	
Change in Index Value								7.35
AGEM Index Value: March 2011								105.23
AGEM Index Value: April 2011								112.57

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The Nevada Legislature continues to evaluate Assembly Bill 258, which would enact provisions governing the licensing and operation of interactive gaming. Referring the bill to the Committee on Ways and Means, it is written with several licensing provisions limiting interactive gaming operators to those who hold traditional nonrestricted licenses.

Nevertheless, the District of Columbia jumped ahead of Nevada by passing its own law permitting Internet gambling on April 11th. The first jurisdiction in the United States to likely implement interactive gambling, D.C. has contracted with a European operator, Intralot. What will be offered and when sites will launch is still unknown, but the provision allows the DC Lottery to operate games of skill and chance. The move was in large part an opportunity to tap into the billion-dollar-plus industry that is largely unregulated and may not even be permissible under federal law.

That said, enacting laws at the state level may not change the landscape. Advocates for Internet poker and gambling were dealt a 7-2 offsuit in April when the United States Justice Department unsealed an indictment charging the online operators Absolute Poker, Full Tilt Poker, and PokerStars with bank fraud, illegal gambling offenses, and money laundering. In addition to naming 11 defendants, issuing restraining orders against more than 75 bank accounts in 14 countries, and seizing domain names, the indictment

includes a civil complaint seeking at least \$3 billion in money laundering penalties.

While this does not directly affect existing global gaming suppliers, it is a setback to traditional casino operators who have been proactive in setting up joint ventures with Internet poker companies. Since the announcement of the federal indictment, Steve Wynn distanced himself from PokerStars with whom he had recently formed a strategic partnership. Fertitta Interactive (owned by the Fertitta brothers and other investors) also separated themselves from FullTilt poker by terminating an alliance created less than a year ago.

The direct impact of these movements remains uncertain. At a time when traditional casino operators seek new revenue streams and global gaming manufacturers yearn to expand their reach into the gaming sector, Internet gambling, which was thought to be a rescuer, has been severely hindered. A federal court case will likely intensify the light shined on Internet gambling, specifically Internet poker. A funeral procession today would be premature as federal lawmakers may more immediately take up the issue as several congressional leaders back the legalization of limited forms of online gambling, specifically Internet poker. In the interim, casino operators and their gaming suppliers take another wait-and-see approach in an evolving race of technology and innovation.



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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, 111 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: Abbiati Casino Equipment, AC Coin & Slot, Acres 4.0, Ainsworth Game Technology, Astro Corp., Bingotimes Technology, Borden Technology, Cadillac Jack, Cantor Gaming, Cammegh Limited, CashCode / Crane Payment Solutions, Diamond Game, DigiDeal, Digital Display Group, Entropy Precision System, Euro Games Technology (EGT), Galaxy Gaming, GameTech International, Gaming Partners International, Gaming Support, Glory (U.S.A.) Inc., Incredible Technologies, Interblock USA, Iverson Gaming Systems, Jumbo Technology, Lightning Gaming, Matsui Gaming Machine Co., MCA Processing, Modern Gaming, Rocket Gaming Systems, Summit Gaming, Table Trac, THT and Winning Asia Technology.

AGEM Associate Members: 3M Touch Systems, Advantech-Innocore, AxesNetwork Solutions, 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, Flextronics, Fox Rothschild, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Gemaco Inc., Global Cash Access, Global Gaming Group (G3), Grand Products, Heber Ltd., Howard & Howard, IDX, Intel, IPS, James Industries, KEY-BAK, Kreller Group, Leap Forward Gaming, 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).