

AGEM Index

Association of Gaming Equipment Manufacturers

February 2013

After reporting a significant increase in the first month of the year, the AGEM Index retreated modestly in February of 2013. The index dipped to a composite score of 146.68 by the end of the month, down 0.98 points (or 0.7 percent) from January 2013. The latest period represents the first month-to-month decline since October of 2012. Eight of the 17 global gaming suppliers reported month-to-month declines in stock price during February 2013, with Daktronics (DAKT) reporting the greatest decline of 13.9 percent. Of the nine operators that reported increases in valuations, three rose by more than 10 percent.

The broader stock markets fared slightly better during the month with each reporting increases. NASDAQ reported a negligible increase, rising 0.6 percent from January 2013 to a closing price of 3,160.19. The S&P 500 reported a 1.1-percent increase in February, rising from 1,498.11 to 1,514.68. Meanwhile, the Dow Jones Industrial Average witnessed the greatest month-to-month increase, gaining 1.4 percent to 14,054.49.

Selected positive contributors to the February 2013 AGEM Index included the following:

- With a stock price of AUD\$3.55 (+18.3 percent) Ainsworth Game Technology (AGI) contributed 1.28 points to the index.
- International Game Technology (IGT) reported a 3.7-percent increase in stock price to \$15.94 and contributed 1.08 points.
- SHFL Entertainment (SHFL) contributed 0.44 points to the composite score due to a 7.2-percent increase in stock price to \$15.86.

Selected negative contributors included the following:

- With a stock price of €17.68, down 2.9 percent, Lottomatica (LTO) contributed negative 2.02 points.
- Konami (KNM) contributed negative 1.52 points, due to a 7.9-percent decline in stock price to \$19.40.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Feb-13	Jan-13	Feb-12	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	3.55	3.00	1.09	18.33	225.69	1.28
Aristocrat Technologies	ASX: ALL (AU\$)	3.72	3.71	2.76	0.27	34.78	(0.26)
Astro Corp.	Taiwan: 3064 (NT\$)	37.00	38.50	52.30	(3.90)	(29.25)	(0.03)
Bally Technologies	NYSE: BYI (US\$)	47.75	48.16	42.94	(0.85)	11.20	(0.12)
Daktronics, Inc.	Nasdaq: DAKT (US\$)	10.21	11.86	9.00	(13.91)	13.44	(0.42)
Gaming Partners International	Nasdaq: GPIC (US\$)	7.87	7.58	6.92	3.83	13.73	0.02
Global Cash Access	NYSE: GCA (US\$)	7.10	7.55	5.56	(5.96)	27.70	(0.19)
IGT	NYSE: IGT (US\$)	15.94	15.37	15.02	3.71	6.13	1.08
INTRALOT S.A.	ATHEX: INLOT (€)	2.31	2.07	0.67	11.59	247.37	0.21
Konami	NYSE: KNM (US\$)	19.40	21.06	27.54	(7.88)	(29.56)	(1.52)
Lottomatica (GTECH)	MILAN: LTO.MI (€)	17.68	18.20	12.74	(2.86)	38.78	(2.02)
Multimedia Games	Nasdaq: MGAM (US\$)	18.70	16.94	10.23	10.39	82.80	0.38
Scientific Games Corporation	Nasdaq: SGMS (US\$)	9.00	8.89	10.51	1.24	(14.37)	0.07
SHFL Entertainment	Nasdaq: SHFL (US\$)	15.86	14.80	14.60	7.16	8.63	0.44
Transact Technologies	Nasdaq: TACT (US\$)	7.90	8.04	6.74	(1.74)	17.21	(0.01)
Wells-Gardner Electronics	AMEX: WGA (US\$)	1.95	2.03	2.16	(3.94)	(9.72)	(0.01)
WMS Industries	NYSE: WMS (US\$)	25.04	24.75	22.03	1.17	13.66	0.11
Change in Index Value							(0.98)
AGEM Index Value: January 2013							147.66
AGEM Index Value: February 2013							146.68

www.AGEM.org

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In June of 2012, the Delaware Gaming Competitiveness Act of 2012 was signed into law, making Delaware the first state to enter the world of legalized online gambling within its borders. Under the legislation, each casino in the state may have a website offering casino games such as slots, poker, blackjack and roulette. Operations are expected to be controlled centrally by the Delaware Lottery Office, which began accepting proposals earlier this month from vendors hoping to operate and maintain the system. State officials indicated they are shooting for a September 30, 2013 target date for operations.

This month, Nevada moved forward with legislation to legalize online gambling when Governor Brian Sandoval signed Assembly Bill 114. New Jersey followed less than a week later when Governor Chris Christie signed Assembly Bill A2578.

In Nevada, the bill passed through the Assembly and Senate as an emergency measure. The new legislation allows Nevada to enter into agreements with other states to offer online poker to players physically located within their boundaries, giving Nevada access to new customers. In addition, the online gaming licensing fee was set at \$500,000 with a renewal fee of \$250,000, and the state will keep 6.75 percent of the amount operators win from online players. The tax rate is consistent with the top-tier tax rate for bricks and mortar casino operators.

New Jersey followed suit and is now authorized to offer online gambling. Under the new law, Atlantic City's 12 casinos will be allowed to operate websites that offer betting on a number of casino games, including slots, blackjack and poker. For now, players will have to be physically located in New Jersey, but similar to Nevada's legislation, the law will allow for agreements with other states in which online gambling is legalized.

Governor Christie vetoed the first two proposed bills, including one in early February. His requested changes included increasing the tax on casinos' online winnings from 10 percent to 15 percent, a 10-year trial period for online gambling and a number of ethical and legal provisions. He signed the amended bill, which includes these revisions, within hours of it passing both houses.

A number of other states, including Massachusetts, California, Hawaii, Illinois, Iowa and Mississippi are now considering their own online gambling legislation. In Iowa, Senate Study Bill 1068 would allow Iowa casinos to offer online poker. The Iowa Senate State Government Committee is expected to endorse the bill for review by the Senate in the coming weeks.

The global gaming supplier industry continues to evolve as new technologies emerge and the legal environment adjusts to new market dynamics.



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

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

AGEM Gold Members:

- Aristocrat Technologies
- Aruze Gaming America
- Austrian Gaming Industries
- Bally Technologies
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- Lottomatica/ GTECH / Spielo International
- Scientific Games Corporation
- SHFL Entertainment
- Video Gaming Technologies (VGT)
- WMS Gaming

AGEM Silver Members: Action Gaming, American Gaming Systems (AGS), Casino Technology, Gaming Partners International USA, JCM Global, MEI, Multimedia Games, Ortiz Machines Company, Suzo-Happ Group, TCSJohnHuxley, Wells-Gardner Electronics and Zitro.

AGEM Bronze Members: Abbiati Casino Equipment, AC Slots (ACS), Acres 4.0, Ainsworth Game Technology, Alfastreet, Astro Corp., Bingotimes Digital Technology, Cadillac Jack, Cammegh Limited, Cantor Gaming, CastNET, Cole Kepro International, Crane Payment Solutions/ CashCode/ Money Controls, Diamond Game, DigiDeal, Euro Games Technology (EGT), Galaxy Gaming, Gaming Support, Glory (U.S.A) Inc., Incredible Technologies, Inspired Gaming, Interblock USA, ISMS, Iverson Gaming Systems, JPM International, Jumbo Technology, Matsui Gaming Machine Co., Modern Gaming, Patriot Gaming & Electronics, Quixant Ltd., Reel Games and Table Trac.

AGEM Associate Members: 3M Touch Systems, Advantech-Innocore, Arrow International, Assurance Ltd., BBIN, British Group Interactive (BGI), Carmanah Signs, Casino Enterprise Management, Cooper Levenson, CSA Group, Cybertec Gaming Systems, Daktronics, Digital Instinct, DiTronics Financial Services, DynaGraphic Printing, Elite Casino Products, Esterline Advanced Input Systems, EWA Cyber Security, Eurocoin, Flextronics, Fox Rothschild, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Gemaco Inc., Genesis Interactive Technologies, Global Cash Access, Global Gaming Group (G3), Grand Products Nevada, Greenberg Traurig, Hanco Technologies, Howard & Howard, IDX, Impact LCD, Intel, International Network in Advance Gaming (INAG), IPS, James Industries, JCS Technologies, KEY-BAK, Kontron, Leap Forward Gaming, Lewis & Roca, Lincoln Industries, Litemax Technology, Metalcraft, Outpost Creative, Phelps Dunbar, Portwell, Proforma GPS, Rainmaker, Reel TV, Regulatory Management Counselors (RMC), Renewable Creative, Rye Park Gaming, SCA Gaming, Southwest Fabricators, Spin Games, Strategy9, StylGame USA, Talent Associates, The Bright Group, Tournament One, TOVIS, TransAct Technologies, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).