

# AGEM Index

Association of Gaming Equipment Manufacturers

December 2011

**S**tocks of major gaming equipment manufacturers were somewhat mixed in the final month of trading for the year. With economic concerns over the Eurozone still looming and a legislative fight over payroll tax extensions going into Congress' winter break, traders remained apprehensive about a recovery picking up steam. While the NASDAQ Composite slipped nearly 0.6 percent, the S&P 500 and Dow Jones Industrial Indexes both climbed a modest 0.9 percent and 1.4 percent, respectively.

The month of December was largely a reproduction of the year's performance. For the year, the S&P 500 Index remained relatively flat, while the NASDAQ Composite recorded a negative year, declining 1.8 percent. Only the Dow Jones Industrial Index posted a gain, climbing 640 points, or 5.5 percent. For comparison purposes, the AGEM Index outperformed the overall market, gaining 10.8 percent during 2011. However, the gain was largely driven by a few AGEM Index members as only seven manufacturers reported a year-over-year improvement in their stock price.

During the month of December, the AGEM Index reached a composite score of 116.27. Although nine of the publicly traded global gaming suppliers recorded a gain in their stock valuation, the overall index reported only a narrow gain of 0.43 points or nearly 0.4 percent from the prior month.

Selected positive contributors to the index during the month included the following:

- Bally Technologies (BYI) reported a 3.18-percent gain in its stock price, adding 0.36 points to the index.
- Shuffle Master (SHFL) contributed 0.28 points to the overall index due to a gain in its stock valuation of 1.57 percent.

Selected negative contributors to the index included:

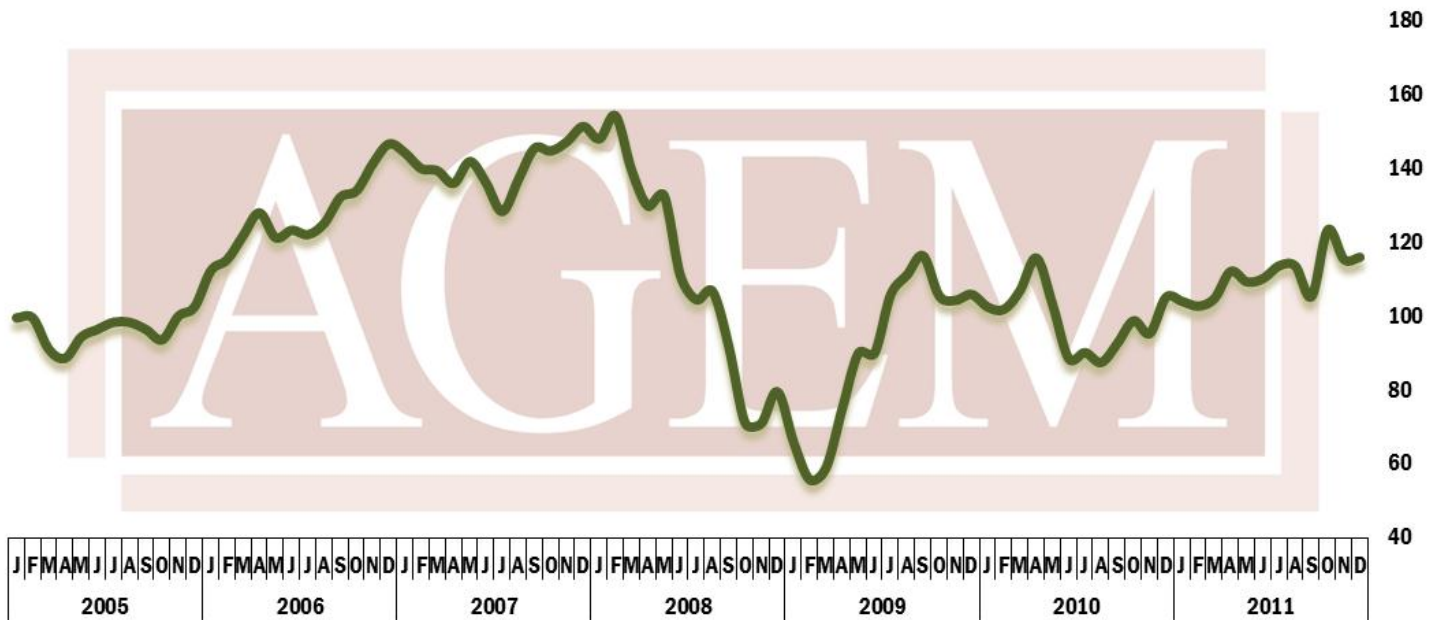
- INTRALOT (INLOT) posted a decline of 17.93 percent in its stock price, removing 0.19 points from the index.
- WMS Industries (WMS) contributed negative 0.16 points to the index, sourced to a 2.15-percent fall in its stock valuation.

AGEM	Exchange: Symbol (Currency)	Stock Price At Month End			Percent Change		Index Contribution
		Dec-11	Nov-11	Dec-10	Prior Period	Prior Year	
Ainsworth Game Technology	ASX: AGI (AU\$)	0.49	0.44	0.22	12.64	122.73	0.14
Aristocrat Technologies	ASX: ALL (AU\$)	2.20	2.39	2.99	(7.95)	(26.42)	(0.48)
Astro Corp.	Taiwan: 3064 (NT\$)	37.50	39.10	63.50	(4.09)	(40.94)	(0.02)
Bally Technologies	NYSE: BYI (US\$)	39.56	38.34	42.19	3.18	(6.23)	0.36
Elixir Gaming Technologies	AMEX: EGT (US\$)	0.23	0.26	0.36	(11.73)	(37.47)	(0.02)
Gaming Partners International	Nasdaq: GPIC (US\$)	6.20	6.19	6.18	0.16	0.32	0.00
Global Cash Access	NYSE: GCA (US\$)	4.45	4.50	3.19	(1.11)	39.50	(0.02)
IGT	NYSE: IGT (US\$)	17.20	17.06	17.69	0.82	(2.77)	0.28
INTRALOT S.A.	ATHEX: INLOT (€)	0.67	0.82	2.49	(17.93)	(72.97)	(0.19)
Konami	NYSE: KNM (US\$)	29.95	30.11	21.29	(0.53)	40.68	(0.14)
Lottomatica (GTECH)	MILAN: LTO.MI (€)	11.61	11.43	9.27	1.57	25.24	0.28
Multimedia Games	Nasdaq: MGAM (US\$)	7.94	7.40	5.58	7.30	42.29	0.10
Shuffle Master	Nasdaq: SHFL (US\$)	11.72	11.09	11.45	5.68	2.36	0.24
Transact Technologies	Nasdaq: TACT (US\$)	7.26	6.18	9.37	17.48	(22.52)	0.08
Wells-Gardner Electronics	AMEX: WGA (US\$)	2.02	1.96	2.22	3.06	(9.01)	0.00
WMS Industries	NYSE: WMS (US\$)	20.52	20.97	45.24	(2.15)	(54.64)	(0.16)
Change in Index Value							0.43
AGEM Index Value: November 2011							115.84
<b>AGEM Index Value: December 2011</b>							<b>116.27</b>

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Federal regulators and the Nevada Gaming Commission each took steps closer to making lawful online gambling a reality. Although no law has been modified or added, interpretation and opinions by the enforcers has. The Department of Justice was asked to clarify if “the Wire Act and the Unlawful Internet Gambling Enforcement Act (UIGEA) prohibit a state-run lottery from using the Internet to sell tickets to in-state adults where the transmission using the Internet crosses state lines, and whether these statutes prohibit a state lottery from transmitting lottery data associated with in-state ticket sales to an out-of-state transaction processor either during or after the purchasing process.”

The Department of Justice opinion dated September 20, 2011, did not address UIGEA as it concluded that the Wire Act does not prohibit “interstate transmissions of wire communications that do not relate to a sporting event or contest.” In short, online lotteries are not prohibited by the Wire Act; additionally, it doesn’t restrict legal online gaming under state laws. This appears to clear the way for intra-state gaming, outside of a sporting event or contest, to legally exist.

Two jurisdictions have already begun the move forward. Online poker was allowed within the District of Columbia last year, but its execution has yet to be seen. Nevada swiftly became the first state to approve regulations surrounding online poker in December. While no lawful

poker site is operational in the state and there are no plans for one in the near term, Nevada has established the framework for a future Internet-based house of cards.

With online poker taking place in various forms in other parts of the world for more than a decade, the technology is readily available. Only the politics and vetting remains and Nevada appears to be taking the lead in an emerging domestic market. That said, companies are already forming a line to serve this future market.

Aristocrat Technologies is one of a handful of companies to file its application to provide an online gaming platform to existing casinos, much in the same way it leases its gaming hardware today. Although, Aristocrat isn’t betting only on poker. Aristocrat wants to offer a free-play casino with a variety of games today, with the intent to collect real-dollar wagers when laws change. Details of future potential online gaming operators are likely to emerge as approvals are possible in the spring of 2012.

Although the market potential for online gaming operators is substantial, legal changes also provide a significant opportunity for global gaming manufacturers. Many will evolve from hardware-based suppliers to global software firms.



## 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

The current AGEM membership roster, 113 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 / Spielo International
- International Game Technology (IGT)
- Intralot S.A.
- Konami Gaming
- Video Gaming Technologies (VGT)
- 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 Slots (ACS), Acres 4.0, Ainsworth Game Technology, Alfastreet, Astro Corp., Bingotimes Technology, Cadillac Jack, Cammegh Limited, Cantor Gaming, Crane Payment Solutions / CashCode / Money Controls, Diamond Game, DigiDeal, Digital Display Group, Euro Games Technology (EGT), Galaxy Gaming, Gaming Partners International, Gaming Support, Glory (U.S.A) Inc., Incredible Technologies, Inspired Gaming, Interblock USA, Iverson Gaming Systems, JPM International, Jumbo Technology, Lightning Gaming, Matsui Gaming Machine Co., MCA Processing, Modern Gaming, Patriot Gaming & Electronics, Rocket Gaming Systems, Table Trac and Winning Asia Technology.

**AGEM Associate Members:** 3M Touch Systems, Advantech-Innocore, Casino Enterprise Management, CMYK Creative, Cole Kepro International, Cooper Levenson, Cybertec Gaming Systems, DynaGraphic Printing, Elite Casino Products, Esterline Advanced Input Systems, Eurocoin, Flextronics, Fox Rothschild, FutureLogic, Gaming Capital Group, Gary Platt Manufacturing, Gemaco, Global Cash Access, Global Gaming Group (G3), Grand Products, Greenberg Traurig, Hanco Technologies, Heber Ltd., Howard & Howard, IDX, Intel, IPS, James Industries, KEY-BAK, Kreller Group, Leap Forward Gaming, Lewis & Roca, Lincoln Industries, Masterpiece Advertising, Nanoptix, Outpost Creative, Phelps Dunbar, Proforma GPS, Quixant Ltd., Rainmaker, Regulatory Management Counselors (RMC), Rye Park Gaming, Sanmina-SCI, SCA Gaming, Strategy9, StylGame USA, Talent Associates, The Bright Group, Tournament One, Trade Show Fabrications, TransAct Technologies, Trans-Lux, Veridocs, Wrex Products and Young Electric Sign Company (YESCO).