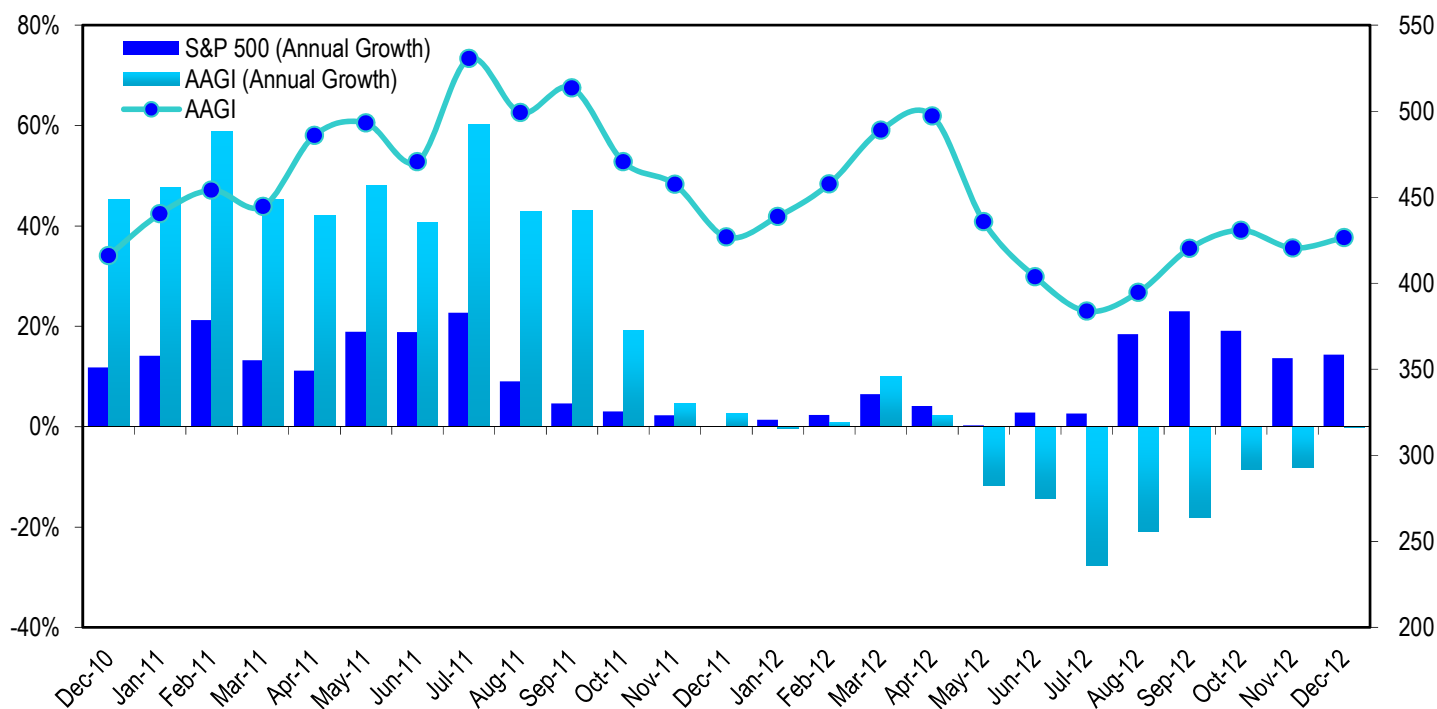


AAGI		Stock Price - Daily Average			Prior Period		Prior Year		Contribution to Index
		Dec-12	Nov-12	Dec-11	% Change	% Change			
Operators	Ameristar Casinos, Inc. (ASCA)	\$22.51	\$18.40	\$17.76	22.37 ▲	26.72 ▲	0.44		
	Boyd Gaming (BYD)	\$6.19	\$5.26	\$6.62	17.69 ▲	(6.49) ▼	0.07		
	Caesars Entertainment (CZR)	\$7.35	\$5.42	N/A	35.54 ▲	N/A	0.26		
	Las Vegas Sands (LVS)	\$45.66	\$44.19	\$43.28	3.33 ▲	5.51 ▲	2.27		
	MGM Resorts International (MGM)	\$11.20	\$9.87	\$9.86	13.50 ▲	13.58 ▲	1.01		
	Penn National Gaming, Inc. (PENN)	\$49.09	\$43.35	\$36.78	13.25 ▲	33.47 ▲	2.97		
	Pinnacle Entertainment, Inc. (PNK)	\$13.82	\$12.43	\$9.79	11.16 ▲	41.13 ▲	0.16		
	Wynn Resorts, Ltd. (WYNN)	\$112.14	\$109.80	\$109.96	2.13 ▲	1.98 ▲	(0.96)		
Manufacturers	Bally Technologies, Inc. (BYI)	\$45.32	\$46.26	\$37.76	(2.04) ▼	20.01 ▲	(0.73)		
	International Game Technology (IGT)	\$14.26	\$13.14	\$16.53	8.47 ▲	(13.77) ▼	0.52		
	SHFL Entertainment (SHFL)	\$13.74	\$13.60	\$11.51	1.03 ▲	19.34 ▲	(0.03)		
	WMS Industries (WMS)	\$16.54	\$15.93	\$19.82	3.78 ▲	(16.59) ▼	0.03		
Composite	Increase (Decrease) to Index						6.01		
	AAGI - November 2012						420.52		
	AAGI - December 2012						426.53		

Gaming sector stocks closed out the year on a positive note. The Applied Analysis Gaming Index (AAGI) posted a 6.01-point increase during December 2012 to reach a composite score of 426.53. While the increase represented a 1.4-percent rise from November, the gain resulted in a composite score that was essentially flat with the same month of the prior year (-0.1 percent). Compared to the broader market (S&P 500), the gaming sector struggled to keep pace. The S&P 500 was up 2.0 percent month-over-month, but remains up a more robust 14.4 percent on a year-over-year basis (when computed on a comparable basis to the AAGI). During December, all eight gaming operators included in the AAGI reported month-to-month increases in daily average stock prices between November and December. The biggest gaming operators included in the AAGI reported month-to-month increases in daily average stock prices between November and December. The biggest gainers included Caesars Entertainment (+35.54 percent), Ameristar Casinos (22.37 percent) and Boyd Gaming (17.69 percent). Compared to the December of the prior year, all gaming operators posted stock price increases with the exception of Boyd Gaming (BYD). Regional operators were the biggest gainers during the past 12 months, including Pinnacle Entertainment (+41.13 percent), Penn National Gaming (+33.47 percent) and Ameristar Casinos (+26.72 percent). All gaming equipment manufacturers also posted stock price gains month-to-month, barring Bally Technologies (BYI). However, Bally Technologies (BYI) posted the largest annual gain (+20.01 percent).

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Key events during the past month included the following:

- Ameristar Casinos (ASCA) Agrees to be Acquired by Pinnacle Entertainment (PNK)** – On December 20, 2012, Pinnacle Entertainment (PNK) announced that it will acquire Ameristar Casinos (ASCA) in a transaction that values the company at approximately \$2.8 billion. The deal is an all cash transaction that will have PNK assume the debt of ASCA and pay ASCA shareholders an amount equal to \$26.50 per share. The price point reflected a 20-percent premium to pre-announcement closing price. The agreement provides for break-up fees in the event the deal is cancelled (the PNK penalty is \$85 million and the ASCA cancellation fee is \$38 million). The termination fees may be a key factor in the event the buyer cannot perform. However, more importantly, should another bidder for the company enter the process, the fees could come into play.
- Fiscal Cliff Discussions Continue** – While there has been no material movement on the Fiscal Cliff issue through the majority of the month of December, investors generally believe there is some compromise likely to happen in advance of substantial Federal revenue enhancements and sequestration measures. Uncertainty remained a dark cloud on equities, including gaming companies, but the overall impact appears to be modest throughout the month. Some gamers have taken preemptive action on the dividend front by issuing special dividends in December to avoid potentially higher tax rates starting in 2013. These latest moves likely helped boost values as the principal shareholders of Wynn Resorts (WYNN) and Las Vegas Sands (LVS) looked to benefit in 2012.
- MGM Resorts' Subsidiary Sells Condos at CityCenter in Bulk** – CityCenter, a 67-acre urban resort and residential development, sold 427 residential units for \$119 million at Veer Towers. The transaction is estimated to reflect an average sales price per square foot of \$300. While the price point is below previous new construction asking prices for the project, the sale reflects a premium to other high-rise residential products in the market. CityCenter retained control of 11 penthouse units that it intends to sell. The company also intends to focus its sales efforts on the remaining inventory at the premium-priced Mandarin Oriental project within the CityCenter campus. The units are housed on the upper half of the 47-story tower that carries the "Residences at Mandarin Oriental" flag. It is also worth noting that MGM Resorts International (MGM) recently completed a multi-billion dollar debt refinancing transaction that has put the company on more solid footing from a balance sheet perspective.
- SHFL Entertainment (SHFL) Announces Fiscal Fourth Quarter Results** – The gaming equipment maker posted fourth quarter revenue growth of 12 percent while SHFL's adjusted EBITDA rose 6 percent to \$23.9 million. For the fiscal year, the company posted revenue growth of 14 percent to \$259.0 million, an all-time high, while adjusted EBITDA for the year was \$87.0 million (+17 percent).

What is the AAGI?

The Applied Analysis team updates over 300 market variables and economic indicators on a monthly basis. One set of those indicators is the stock prices and market capitalization for publicly traded, gaming-related enterprises. To meet the needs of our clients and provide some insight into the gaming sector of our local economy, our team has developed the Applied Analysis Gaming Index (AAGI). The AAGI is a monthly gauge on equity valuations of twelve major gaming related companies, comprised of eight operators and four manufacturers of machines and equipment.

Who is Applied Analysis?

Applied Analysis is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges.

Our team has performed analyses in Nevada, California, Mississippi, Colorado and Illinois. We have serviced a broad spectrum of business clients, from gaming operators to healthcare providers. Our public sector practice has analyzed the fiscal and economic impact of developments from five to 23,000 acres, and handled policy issues spanning business tax initiatives to the cost of air quality programs.

Our vision and goals have been the same since our inception. We strive to provide superior advisory services through a better understanding of our clients and their issues. We obtain this superior understanding through listening closely to our clients' needs and designing solutions that take into account their unique nature, circumstances and requirements.

To put it simply, we are a solutions resource. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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To obtain further information about our gaming and tourism market data and our full range of consultation services, including market analysis, urban economic consulting, financial advisory services, information technology and information systems consulting, public policy analysis, and hospitality and gaming consulting, please contact us directly.

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