

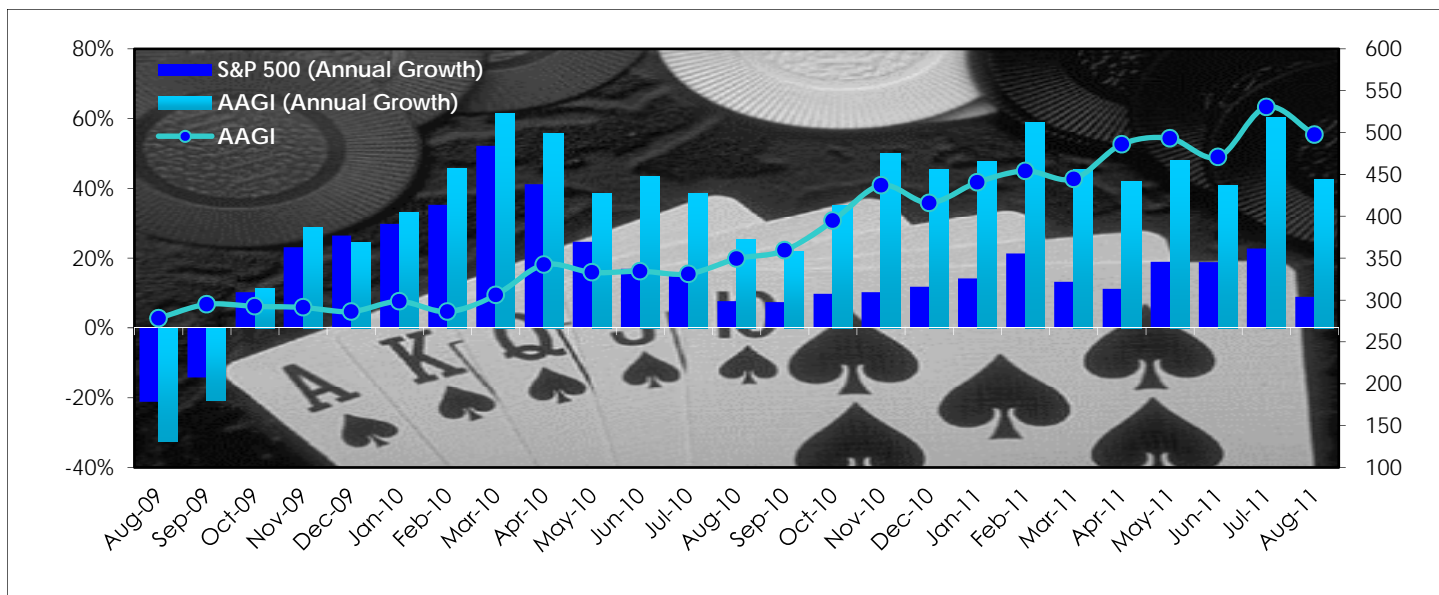
AAGI	Stock Price - Daily Average			Prior Period % Change	Prior Year % Change	Contribution to Index
	Aug-11	Jul-11	Aug-10			
MGM Resorts International (MGM)	\$11.36	\$14.93	\$10.10	(23.97) ▼	12.38 ▲	(3.09)
Las Vegas Sands (LVS)	\$43.38	\$45.30	\$28.67	(4.24) ▼	51.32 ▲	4.45
Wynn Resorts, Ltd. (WYNN)	\$142.31	\$158.87	\$87.43	(10.43) ▼	62.78 ▲	(24.32)
Boyd Gaming (BYD)	\$6.25	\$9.06	\$7.76	(30.99) ▼	(19.46) ▼	(0.27)
Penn National Gaming, Inc. (PENN)	\$37.64	\$41.58	\$28.22	(9.47) ▼	33.40 ▲	(0.81)
Pinnacle Entertainment, Inc. (PNK)	\$12.39	\$14.86	\$10.46	(16.63) ▼	18.48 ▲	(0.24)
Ameristar Casinos, Inc. (ASCA)	\$19.46	\$23.14	\$16.41	(15.92) ▼	18.59 ▲	(1.41)
International Game Technology (IGT)	\$15.41	\$18.18	\$15.33	(15.20) ▼	0.54 ▲	(1.54)
WMS Industries (WMS)	\$22.13	\$28.49	\$37.62	(22.31) ▼	(41.18) ▼	(1.30)
Bally Technologies, Inc. (BYI)	\$32.48	\$40.79	\$32.50	(20.36) ▼	(0.05) ▼	(2.96)
Increase (Decrease) to Index						(31.49)
AAGI - July 2011						530.59
AAGI - August 2011						499.10

Gaming stocks during the month of August continued the seesaw movements experienced across the broader equities markets. While most of the downturns experienced during the month were driven by fear and anxiety sourced to economic uncertainty and the possible impacts on travel and leisure decisions, selected gaming operators and equipment manufacturers released earnings early in the month. For some speculators, the results did not impress, contributing further to an already weak investment environment.

By the close of August, the Applied Analysis Gaming Index (AAGI) reached a value of 499.10 points, which reflected a 31.49-point decline (-5.9 percent) from the preceding month (July 2011). The downturn gave back nearly one-half of the 12.7-percent jump reported in the prior month. While volatility has prevailed in recent weeks and months, valuations generally remain ahead of where they stood one year ago. The AAGI remains up 42.9 percent during the past 12 months as international operators have been a key driver of the rise, including Las Vegas Sands (LVS) and Wynn Resorts, Ltd. (WYNN). Penn National Gaming, Inc. (PENN) also remains on the list of operators that have outperformed in the past year.

Somewhat surprisingly, the broader market (S&P 500 when computed on a similar basis) was harder hit during the past month. Typically, the gaming sector swings wider than the broader market as sector demand is sourced to discretionary spending, a fragile commodity in times of extreme uncertainty. International demand has helped diversify the revenue stream in recent months and years. The S&P 500 posted a 10.6-percent drop (compared the AAGI decline of 5.9 percent) on a month-to-month basis, while on a year-over-year basis the S&P was up a more modest 9.0 percent when compared to the AAGI (+42.9 percent).

Much of the international gaming expansion has been sourced to Las Vegas Sands (LVS), which announced that it would be paying a dividend of \$2.50 per share on its outstanding 10-percent Series A Cumulative Perpetual Preferred Stock. In addition, the company's Board of Directors approved the redemption of all of its outstanding shares of the Series A Preferred Stock, which is expected to generate annual savings of approximately \$76 million in dividend payments (redemption expected on November 15, 2011). The buyback is also expected to eliminate the most expensive obligation on the company's balance sheet.



Selected earnings reports released early in the month included the following:

- **MGM Resorts International (MGM)** – Consolidated net revenues for MGM Resorts International (MGM) were up 17.0 percent in the second quarter of 2011 to \$1.8 billion, while adjusted property EBITDA for all properties and subsidiaries was up 47.1 percent to \$410.7 million when compared to the same quarter of last year. The company's results are attributable to strong performances by its Macau and Las Vegas properties, as well as the fact that the current period includes net revenue related to MGM China (\$193 million) following the company's acquisition of a controlling interest in MGM China during the quarter. The company's wholly-owned Las Vegas Strip resorts (excludes CityCenter) reported net revenues of \$1.2 billion and adjusted EBITDA of \$271.0 million, which translates into increases of 5.0 percent and 11.2 percent, respectively. Hotel occupancy was up 1.0 percentage point in the quarter for wholly-owned Strip resorts, while average daily rate increased 9.6 percent to \$126, resulting in a 10.7-percent increase in RevPAR (revenue per available room). Aria, the only gaming property within the 50 percent-owned CityCenter, reported record net revenues of \$233.0 million in the second quarter of 2011, an improvement of 48.2 percent compared to last year. Occupancy at the property was 90.0 percent, and the average daily rate was \$202, resulting in a 28.0-percent increase in RevPAR to \$181.
- **Pinnacle Entertainment (PNK)** – Pinnacle Entertainment (PNK) reported net revenues of \$299.1 million in the second quarter of 2011, representing a 9.3-percent increase over last year. Adjusted EBITDA increased 39.9 percent to \$69.1 million, which is a record for the company. Pinnacle attributes the strong quarter to its industry-unique revenue growth strategies and the company's commitment to offer quality entertainment experiences and enhance guest relationships. The company reported the most significant increase in its retail and entertainment revenue, which was up 38.5 percent to \$13.1 million. Meanwhile, Pinnacle's food and beverage, gaming and room revenues were up 10.8 percent, 8.4 percent and 1.6 percent, respectively. The company will soon be expanding its operations to Southeast Asia due to its recent investment in Asian Coast Development.
- **WMS Industries (WMS)** – WMS reported net revenues of \$203.2 million in its fiscal fourth quarter of 2011, representing a 4.8-percent decrease from the \$213.4 million reported in the same period last year. The company notes that total revenue for the quarter was less than anticipated due to lower product sales revenues. Adjusted EBITDA also declined in the latest quarter, falling 19.7 percent from \$81.2 million to \$65.2 million. Total product sales revenues increased by \$10.4 million on a quarterly sequential basis, but declined 3 percent when compared to last year. Meanwhile, the average sales price for new units increased 9 percent over last year, due to a higher mix of premium products. WMS also noted that it will be refining product plans and restructuring its organization in order to emphasize its content and product development strengths. As a result, the company is reducing organizational staffing by about 10 percent and postponing or cancelling some of its long-term projects. WMS believes this strategy will better direct resources and facilitate focus on near-term revenue opportunities.
- **Bally Technologies, Inc. (BYI)** – Bally Technologies (BYI) reported net revenues of \$214 million in its fiscal fourth quarter of 2011, up 9 percent from last year. Each of the major revenue categories reported increases, with two of the three, gaming operations and systems, posting record results. Gaming operations revenue increased 6.5 percent to a record \$82 million, attributable to the company's placement of new premium games. Meanwhile, systems revenues increased 9.3 percent to a record \$59 million, due to an increase in hardware revenues and a record \$17 million in maintenance revenues. The third revenue category, gaming equipment, totaled \$73 million, up 14.1 percent over last year. The average selling price of new gaming devices increased 9 percent to a record \$16,719 per unit, due to a higher quality product mix.

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 ten major gaming related companies, comprised of seven operators and three 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.

Contact Us

10100 W. Charleston Blvd.; Suite 200
Las Vegas, Nevada 89135
T: (702) 967-3333 / F: (702) 314-1439
E: info@appliedanalysis.com
W: www.appliedanalysis.com

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.

Data and information contained herein is provided for informational purposes only, and is not intended for investment, company evaluation or other decision-based purposes. This analysis is based on selected economic data from a wide range of economic data and statistics and is not intended to be a comprehensive overview of all economic factors. Neither Applied Analysis, its partners, principals or employees, nor any of its data or content providers shall be liable for any errors in the content, or for any actions taken in reliance thereon. By reviewing this data, a user agrees not to redistribute the information found therein. Applied Analysis shall not be liable for any actions taken in reliance thereon.