

AAGI	Stock Price - Daily Average			Prior Period % Change	Prior Year % Change	Contribution to Index
	Dec-11	Nov-11	Dec-10			
MGM Resorts International (MGM)	\$9.86	\$10.18	\$13.84	(3.12) ▼	(28.76) ▼	(0.04)
Las Vegas Sands (LVS)	\$43.28	\$46.00	\$46.30	(5.93) ▼	(6.52) ▼	(9.21)
Wynn Resorts, Ltd. (WYNN)	\$109.96	\$121.77	\$102.80	(9.70) ▼	6.96 ▲	(23.68)
Boyd Gaming (BYD)	\$6.62	\$6.32	\$9.86	4.82 ▲	(32.85) ▼	0.05
Penn National Gaming, Inc. (PENN)	\$36.78	\$34.94	\$34.92	5.27 ▲	5.34 ▲	1.54
Pinnacle Entertainment, Inc. (PNK)	\$9.79	\$10.48	\$13.88	(6.52) ▼	(29.43) ▼	(0.05)
Ameristar Casinos, Inc. (ASCA)	\$17.76	\$17.67	\$16.83	0.55 ▲	5.53 ▲	0.07
International Game Technology (IGT)	\$16.53	\$17.02	\$16.92	(2.84) ▼	(2.26) ▼	(0.01)
WMS Industries (WMS)	\$19.82	\$20.04	\$45.98	(1.09) ▼	(56.89) ▼	0.07
Bally Technologies, Inc. (BYI)	\$37.76	\$36.56	\$42.21	3.28 ▲	(10.53) ▼	0.70
Increase (Decrease) to Index						(30.56)
AAGI - November 2011						457.47
<b>AAGI - December 2011</b>						<b>426.90</b>

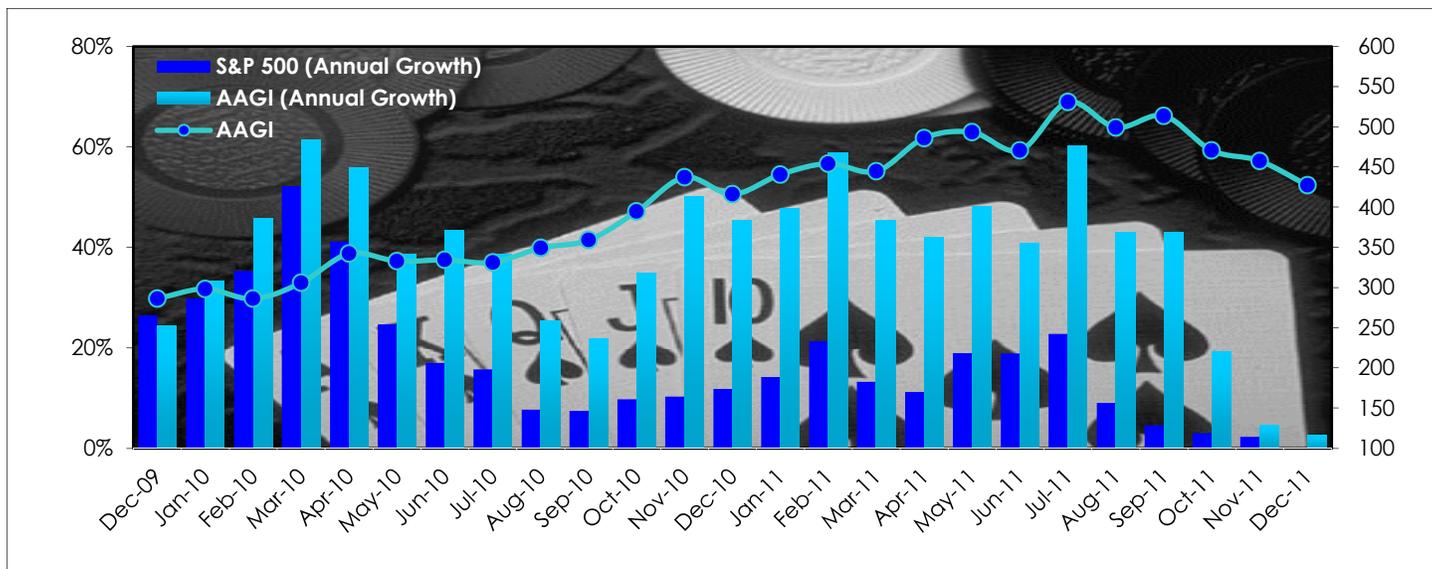
As 2011 comes to a close, gaming companies are looking forward to a more prosperous 2012. While gaming companies' stock and financial performances outpaced 2010 in aggregate, individual operators and manufacturers experienced varying degrees of success. During the final month of the year, speculation about the impact of Internet-based poker, new developments in emerging markets and broader economic conditions were key drivers of the sector's performance.

The gaming operator component of the AAGI (7 out of 10 companies) accounted for the bulk of the monthly decline, while gaming equipment manufacturers (3 out of 10 companies) posted relatively flat results. Wynn Resorts, Ltd. (WYNN) reported the biggest decline from the preceding month (November 2011) with a 9.7-percent decline in its average daily stock price. However, it remains one of few that are reporting valuations higher than where they started the year (+7.0 percent).

Operators that bucked the broader trends during the month included Boyd Gaming (BYD), Penn National Gaming (PENN) and Ameristar Casinos (ASCA). Given the relative size of these regional casino operators, their gains were not sufficient to offset losses posted by others. BYD emerged with a 4.8-percent rise, PENN rose 5.3 percent and ASCA edged up a modest 0.6 percent.

From a gaming manufacturer perspective, Bally Technologies (BYI) reported a 3.3-percent increase in its daily average stock price in December compared to November 2011. The upward movement was in contrast to declines reported by International Game Technology (IGT) (down 2.8 percent) and WMS Industries (WMS) (down 1.1 percent).

During the final month of 2011, the Applied Analysis Gaming Index (AAGI) posted its third consecutive monthly decline. As of year-end, the composite score for the AAGI fell to 426.90, a decrease of 6.7 percent compared to November 2011. For comparison purposes, the broader equities markets moved in a contrasting direction with the S&P 500 posting a 1.4-percent gain during the same timeframe (when computed on a similar basis). The gaming sector's performance remained ahead of the broader market when compared to the same month of the prior year, as it edged up 2.6 percent. The S&P 500 remained essentially flat when compared on an annual basis.



The following highlights other relevant industry events and issues that remained top of mind during December 2011.

- Internet-Based Gaming Activity** - Gaming stocks generally experienced a short-term spike following the U.S. Justice Department's relaxed stance regarding online gaming restrictions. The latest information suggests fully-regulated gaming activity on the Internet soon may be a reality as gaming operators continue to jockey for position on the web. Additionally, Nevada gaming regulators moved forward with rules that could potentially make the Silver State the first to allow for Internet-based poker. The move positions Nevada to take advantage of any changes at the Federal level, should they occur.

In advance of any Federal regulatory changes, the Nevada Gaming Commission's actions also provide an opportunity for online poker to take place for consumers physically located within the state's borders. While many gaming operators have already entered into strategic alliances with existing online gaming companies, others have not. Early in December, Sheldon Adelson, the principal shareholder of Las Vegas Sands (LVS), publicly commented about his opposition to online gaming activity; his comments have been tied to his personal opinions rather than the official position of the company.

- Massachusetts Gaming Opportunity** - Following recent moves taken by the state of Massachusetts, speculation regarding potential gaming sites and operators continues to swirl. Wynn Resorts, Ltd. (WYNN) has been involved in the latest discussions with a proposed \$1-billion investment adjacent to Gillette Stadium, home of the New England Patriots football team. The proposal continues to face challenges as Foxborough's Board of Selectmen indicated they don't support the project proposal. It appears there are other options for the project proposers that could keep the resort development alive.
- Sands China Investigation Update** - Sands China Ltd., the Macau unit of Las Vegas Sands (LVS), announced that the entity was cleared in an investigation regarding compliance with the Foreign Corrupt Practices Act (the "Act"). The Act prohibits US firms from bribing or making payments to foreign officials in exchange for favorable treatment. The positive result was sourced to inquiries by the Securities and Futures Commission, a Hong Kong regulator, which appears to be a step in the right direction for the international gaming operator.
- Las Vegas Sands Eyes Expansions** - Reports suggest that Las Vegas (LVS) is seeking a development opportunity in Vietnam. The potential \$2-billion resort complex would be located in Ho Chi Minh City. Along with other potential operators, Las Vegas Sands (LVS) is reportedly taking a look at what a casino property in Florida might look like, as well. Speculation continues as the majority of operators seek to expand their footprint.

## 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.**

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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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