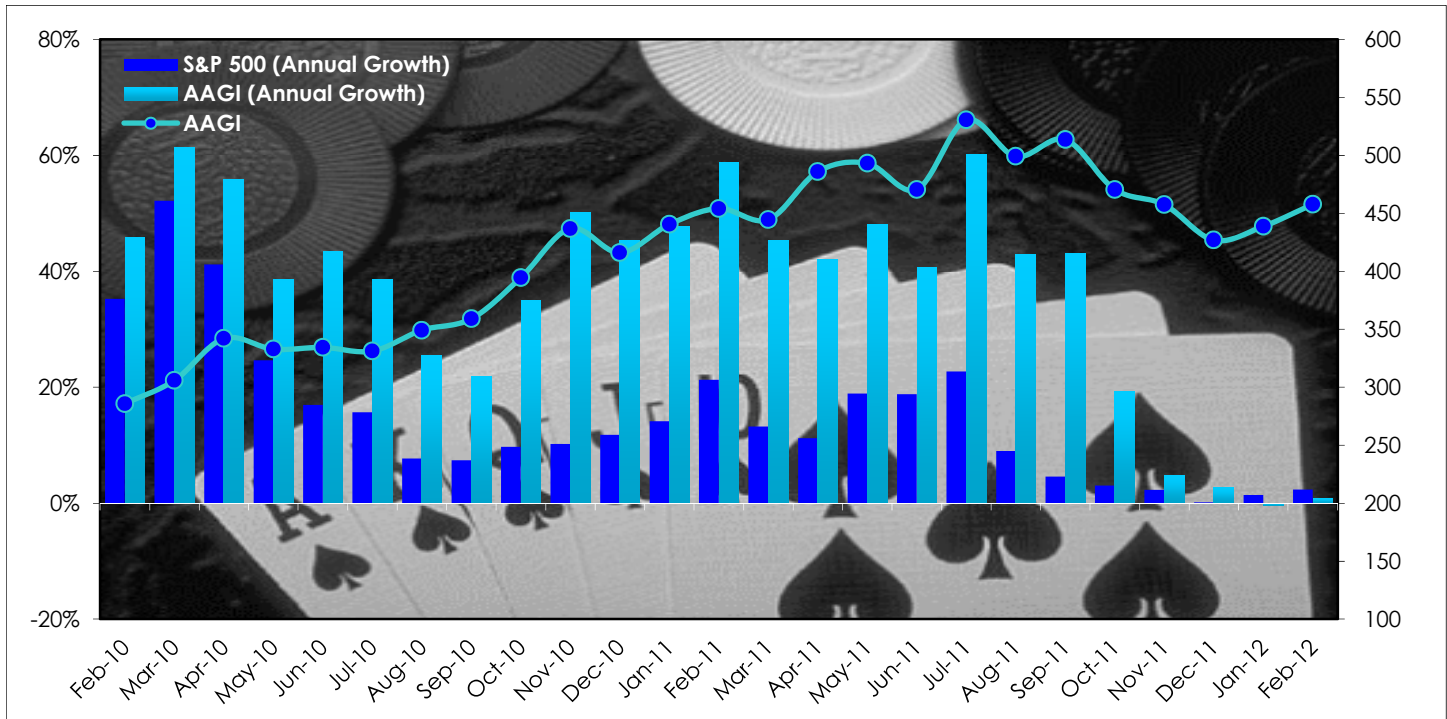


AAGI	Stock Price - Daily Average			Prior Period	Prior Year	Contribution to Index
	Feb-12	Jan-12	Feb-11	% Change	% Change	
MGM Resorts International (MGM)	\$14.20	\$12.29	\$14.84	15.51 ▲	(4.30) ▼	1.55
Las Vegas Sands (LVS)	\$52.50	\$46.23	\$47.20	13.56 ▲	11.23 ▲	26.91
Wynn Resorts, Ltd. (WYNN)	\$115.03	\$113.70	\$122.74	1.17 ▲	(6.28) ▼	(8.42)
Boyd Gaming (BYD)	\$8.86	\$8.22	\$11.36	7.81 ▲	(21.98) ▼	0.04
Penn National Gaming, Inc. (PENN)	\$41.78	\$40.18	\$36.14	3.99 ▲	15.59 ▲	(0.04)
Pinnacle Entertainment, Inc. (PNK)	\$10.68	\$10.56	\$14.39	1.16 ▲	(25.76) ▼	(0.04)
Ameristar Casinos, Inc. (ASCA)	\$20.36	\$19.02	\$16.42	7.04 ▲	24.00 ▲	0.06
International Game Technology (IGT)	\$15.28	\$16.75	\$17.10	(8.76) ▼	(10.63) ▼	(1.78)
WMS Industries (WMS)	\$23.18	\$21.21	\$41.78	9.31 ▲	(44.51) ▼	0.23
Bally Technologies, Inc. (BYI)	\$44.29	\$40.94	\$39.43	8.20 ▲	12.32 ▲	0.52
Increase (Decrease) to Index						19.02
AAGI - January 2012						438.77
<b>AAGI - February 2012</b>						<b>457.79</b>

For the second consecutive month, the gaming sector witnessed increased investor interest as valuations pressed north. The Applied Analysis Gaming Index (AAGI) increased 4.3 percent (+19.02 points) to a composite score of 457.79 by the close of February 2012. The bulk of the increase was sourced to positive stock performances turned in by gaming operators, while the gaming equipment manufacturer component of the index slid marginally during the past month. The broader equities markets turned in comparable results, edging up 4.0 percent during the same period (S&P 500 when computed on a similar basis). Compared to the prior year, the gaming sector inched up 0.8 percent while the S&P 500 was up 2.4 percent.

The latest reporting period witnessed an initial public offering for Caesars Entertainment (CZR), an unusual move by Wynn Resorts, Ltd. (WYNN) and one of its key stockholders, and a series of fourth quarter earnings reports. Recent activity shed additional light on an industry that appears to be benefiting from increased economic stability, improved fundamentals and relatively efficient operating leverage.

- Caesars Goes Public** – On February 7, 2012, Caesars Entertainment priced its initial public offering (IPO) at \$9 per share. The offering hit the public markets the following day under the stock symbol CZR and witnessed a sharp increase in the first trading session as the stock soared 71 percent from \$9.00 to close at \$15.39 per share. Recall that Caesars made previous attempts to take the company public in the prior year, but the markets didn't cooperate. The offering, while important for existing investors to create a liquid market for the stock, was not intended to raise significant capital for the benefit of the company. Since the initial offering, the stock has traded towards the IPO price. Going forward, Caesars Entertainment (CZR) is expected to be included in the AAGI.



- Wynn Stockholder Dispute** – Wynn Resorts, Ltd. (WYNN), the international casino company, continues to battle with a long-time key stockholder, Kazuo Okada. The dispute, while not initially intriguing as it relates to the financial statements, has quickly turned into a major story for the company. Wynn Resorts (WYNN) announced on February 19, 2012 that it had concluded a year-long investigation of Aruze USA, Inc., its parent company Universal Entertainment Corporation and its principal stockholder, Kazuo Okada. The report alleges misconduct related to a number of laws and Wynn's internal code of conduct. Citing "unsuitability," Wynn Resorts (WYNN) requested Okada's resignation from Wynn's board of directors and immediately redeemed the approximately 24 million shares held by Aruze USA, Inc. The redemption resulted in a 10-year \$1.9 billion promissory note in exchange for the shares. The transaction provided a boost to Wynn shares in the following day of trading. The dispute is expected to continue and result in legal wrangling for the foreseeable future.
- Las Vegas Sands (LVS) Reports Growth** - Net revenues for Las Vegas Sands (LVS) totaled a record \$2.54 billion for the fourth quarter of 2011, up 26.3 percent over the same period in 2010. In addition, adjusted EBITDA increased 30.0 percent to a company and industry record of \$960.6 million, attributable to continued growth at its properties in Macao and Singapore. Las Vegas Sands reports that in less than two months, it will be celebrating the debut of the largest Integrated Resort in the company's history, with the opening of Sands Cotai Central.

In Las Vegas, net revenues at Venetian and Palazzo increased 9.3 percent to \$339.5 million. Casino revenues declined 2.9 percent to \$118.3 million during the quarter. However, room revenues increased 11.0 percent to \$110.6 million, attributable to stronger group meeting and convention business. Revenue per available room (RevPAR) increased 13.0 percent to \$174, due to a 9.0-percentage-point increase in occupancy rate and a 1.6-percent increase in average daily room rate. In addition, food and beverage revenues increased 9.7 percent during the quarter, while convention and retail revenues increased 21.7 percent.

- Wynn Resorts, Ltd. (WYNN) Leverages Convention Business** - Net revenues for Wynn Resorts, Ltd. (WYNN) reached \$1.3 billion in the fourth quarter of 2011, up 8.6 percent over last year. The increase was largely attributable to a 9.1-percent increase in Macau and a 7.2-percent increase in Las Vegas. Adjusted EBITDA increased 10.1 percent to \$402.2 million, due to a 5.5-percent increase in Macau and a 30.3-percent increase in Las Vegas. Casino revenues in Las Vegas increased 4.7 percent to \$145.8 million during the quarter, with a table games win percentage of 23.3 percent, which is within the expected range.

The company notes that its casino win of \$776 million in 2011 in Las Vegas broke the historical record for a licensed gaming facility in the state of Nevada. In addition, all non-gaming segments reported increases during the quarter, resulting in an increase in non-gaming revenue of 6.8 percent to \$246.6 million. Room revenues increased 11.7 percent during the quarter due to a 6.3-percent increase in average daily rate and more rooms available (9 percent were out of service in the prior year quarter for renovations). Wynn Resorts notes that 2011 was a breakthrough year in terms of revenue generated by convention trips.

- MGM Resorts International (MGM) Reports Room Demand** - MGM Resorts International (MGM) reported net revenue of \$2.3 billion during the fourth quarter of 2011, representing a 7.0-percent increase over the same quarter of 2010 (excludes MGM China which was not consolidated until June 2011). Adjusted EBITDA at the company's wholly owned domestic resorts increased 18.0 percent to \$319 million. The company notes that throughout 2011, it has enhanced customer experience through reinvestments in its properties and the M life customer loyalty program.

On the Las Vegas Strip, net revenues increased 8.3 percent to \$1.2 billion, while adjusted EBITDA increased 19.8 percent to \$260.0 million. RevPAR increased 13.0 percent in the fourth quarter to \$111, due to a 3.0-percentage point increase in occupancy to 87 percent and a 9.3-percent increase in average daily room rate to \$129. Of the MGM Resorts' Las Vegas Strip properties, Monte Carlo reported the highest occupancy rate of 92.4 percent, up 3.8 percentage points, while Mirage was close behind with a rate of 92.0 percent, up 2.0 percentage points. Earlier this month, the company announced a strategic marketing relationship with Ameristar Casinos Inc. The agreement will allow MGM Resorts' M life members to receive benefits at Ameristar properties and Ameristar's Star Awards/Plateau Players Club members to receive benefits at MGM Resorts' properties.

- Boyd Gaming (BYD) Posts EBITDA Improvement** - Boyd Gaming (BYD) reported net revenues of \$606.7 million during the fourth quarter of 2011, up 9.9 percent when compared to the same quarter of last year. Adjusted EBITDA was \$114.3 million, representing a 14.3-percent increase over 2010. The fourth quarter of 2011 represents the first time in several years that revenue increases were reported in each of Boyd's business segments. In the Las Vegas Locals market, net revenues were up slightly compared to the prior year quarter at \$152.7 million, while adjusted EBITDA increased 8.0 percent to \$36.8 million, attributable to year-over-year EBITDA growth at all four major properties in the region. The company's downtown Las Vegas segment reported an increase of 2.7 percent in net revenue to \$58.7 million, while adjusted EBITDA remained flat due to elevated fuel expense associated with Boyd's Hawaiian charter service. Boyd remains optimistic about the downtown segment, given development activity in the area. The company also continues to support the legalization of Internet gaming and is prepared to enter the market on a state-by-state basis, if necessary.
- Ameristar Casinos (ASCA) Continues Cost Cutting** - Ameristar Casinos reported net revenues of \$296.2 million during the fourth quarter of 2011, up a modest 0.7 percent when compared to the same quarter of last year. Adjusted EBITDA increased 8.7 percent year-over-year to \$84.3 million, with six of the company's properties reporting EBITDA growth. The company attributes its performance during the quarter to the company's delivery of a superior guest experience, focus on cost management and effective marketing. Ameristar's properties in Jackpot, Nevada reported net revenues of \$14.4 million during the quarter, representing an 8.0-percent increase over last year. Adjusted EBITDA for the Jackpot properties increased 52.8 percent to \$4.1 million, which represents the highest percentage EBITDA increase of all the company's reporting units. In addition, the Jackpot properties' adjusted EBITDA margin increased 8.4 percentage points to 28.7 percent.
- Bally Technologies (BYI) Expands Revenue** - Bally Technologies reported net revenues of \$210.4 million during its fiscal second quarter of 2012, representing a 15.2-percent increase over last year, attributable to revenue increases in each of the company's business segments. Adjusted EBITDA increased 17.5 percent year-over-year, from \$57.2 million to \$67.2 million. Gaming equipment revenues increased 18.6 percent to \$70.2 million. The increase is attributable to a 4.8-percent increase in unit sales to 3,636 and a 12.8-percent increase in new unit average selling price to \$17,201. Gaming operations revenue was \$86.2 million for the quarter, representing an 11.8-percent increase over last year, attributable to growth in the installed base of premium and wide-area progressive games. The latest quarter represents the fourth sequential quarter of record gaming operations revenue. Systems revenue increased 16.4 percent to \$54.0 million, due to increases in software and services and maintenance revenues. Maintenance revenues increased approximately 12.5 percent to a record \$18.0 million during the quarter.
- International Game Technology (IGT) Gaming Operations Outpace Equipment Sales** - Net revenues for International Game Technology declined 1.3 percent during its fiscal first quarter of 2012 to \$445.5 million, which the company attributes to fewer new casino openings in North America. Gaming operations revenues were \$264.6 million, up 4.6 percent year-over-year, primarily attributable to a 28.9-percent increase in international gaming operations revenue. The company's installed base increased 5.7 percent to 55,600, also partly attributable to strong growth abroad. Product sales revenues declined 8.8 percent to \$180.9 million, attributable to a 23.0-percent decline in North American sales revenues. The number of units shipped declined 13.3 percent, from 7,500 to 6,500. In North America, 3,500 units were shipped, 80 percent of which were replacements. Meanwhile, 3,000 units were shipped internationally, 57 percent of which were replacements. Adjusted EBITDA also declined during the quarter, falling 12.1 percent to \$162.7 million. The company notes the recently finalized acquisition of Double Down Interactive is expected to add new distribution channels for its game content, including popular platforms such as Facebook.
- WMS Industries (WMS) Top Line Dips** - WMS reported net revenues of \$162.2 million during its fiscal second quarter of 2012, down 18.8 percent when compared to the same period of last year, attributable to declines in both product sales revenues and gaming operations revenues. Total product sales revenues declined 23.3 percent to \$97.5 million, with new unit sales revenues declining 24.6 percent to \$79.1 million. The decline in product sales revenue is attributable to both declines in new unit shipments (down 23.2 percent to 4,846) and average sales price per new unit (down 1.8 percent to \$16,325). Gaming operations revenues declined 11.0 percent to \$64.7 million. At the end of the quarter, WMS reported total installed participation units of 9,282, down 8.8 percent from the same period last year. Adjusted EBITDA declined 12.6 percent to \$57.7 million, with an adjusted EBITDA margin of 35.6 percent (an improvement from the prior year quarter margin of 33.0 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 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

6385 S. Rainbow Blvd.; Suite 105  
Las Vegas, Nevada 89118  
T: (702) 967-3333 / F: (702) 314-1439  
E: [info@appliedanalysis.com](mailto:info@appliedanalysis.com)  
W: [www.appliedanalysis.com](http://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.

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