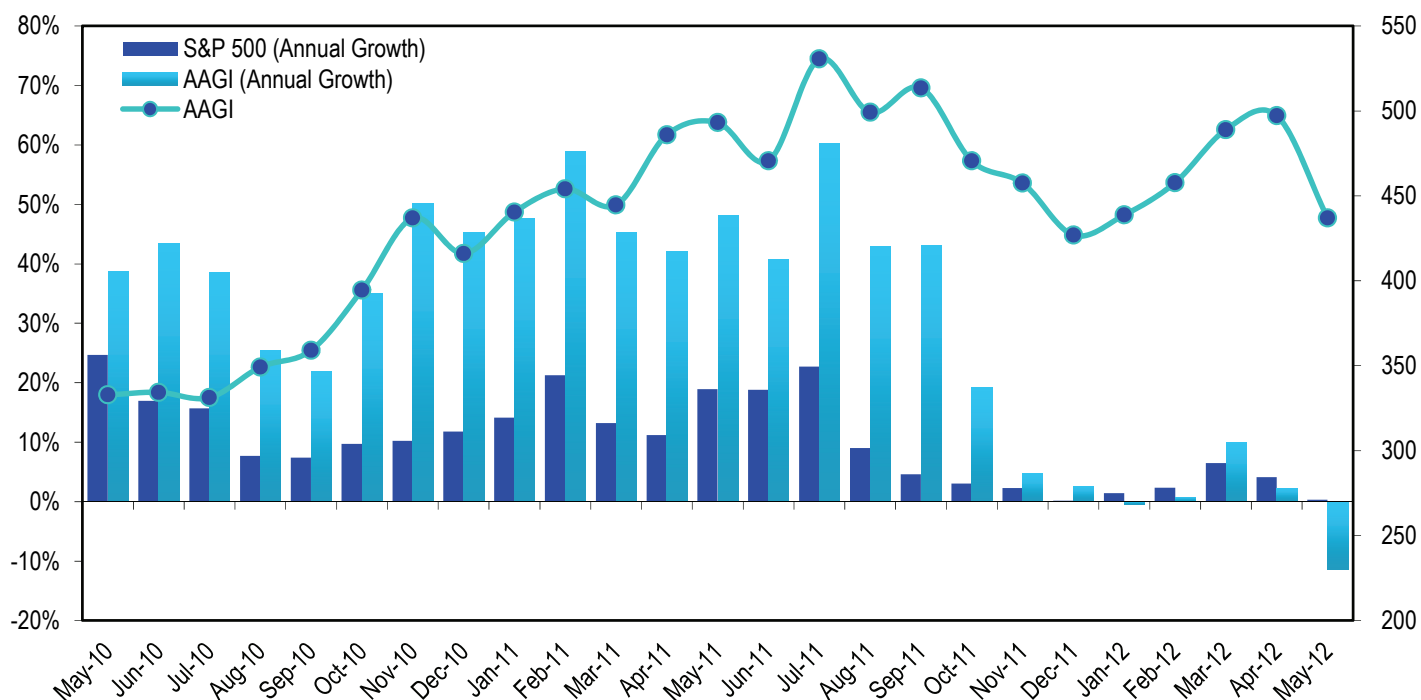


AAGI		Stock Price - Daily Average			Prior Period % Change	Prior Year % Change	Contribution to Index
		May-12	Apr-12	May-11			
Operators	Ameristar Casinos, Inc. (ASCA)	\$18.69	\$18.35	\$22.27	1.89 ▲	(16.05) ▼	0.14
	Boyd Gaming (BYD)	\$7.29	\$7.91	\$9.61	(7.80) ▼	(24.12) ▼	(0.02)
	Caesars Entertainment (CZR)	\$13.54	\$14.17	N/A	(4.46) ▼	N/A	0.02
	Las Vegas Sands (LVS)	\$50.18	\$58.41	\$42.45	(14.09) ▼	18.22 ▲	(15.08)
	MGM Resorts International (MGM)	\$11.45	\$13.59	\$14.71	(15.78) ▼	(22.15) ▼	(1.44)
	Penn National Gaming, Inc. (PENN)	\$45.09	\$43.45	\$38.98	3.78 ▲	15.68 ▲	1.88
	Pinnacle Entertainment, Inc. (PNK)	\$10.15	\$11.27	\$13.75	(9.90) ▼	(26.18) ▼	(0.06)
Wynn Resorts, Ltd. (WYNN)	\$111.99	\$127.08	\$145.20	(11.87) ▼	(22.87) ▼	(46.52)	
Manufacturers	Bally Technologies, Inc. (BYI)	\$46.27	\$46.97	\$39.82	(1.48) ▼	16.20 ▲	0.51
	International Game Technology (IGT)	\$14.65	\$16.33	\$17.77	(10.27) ▼	(17.54) ▼	(0.68)
	Shuffle Master, Inc. (SHFL)	\$16.13	\$17.24	\$10.76	(6.45) ▼	49.85 ▲	(0.04)
	WMS Industries (WMS)	\$21.80	\$23.94	\$32.70	(8.96) ▼	(33.35) ▼	(0.22)
Composite	Increase (Decrease) to Index						(61.49)
	AAGI - April 2012						497.24
	AAGI - May 2012						435.74

The gaming sector experienced weakened investor demand during May 2012 as concerns about foreign debt crises continued, profit-taking emerged, earnings report cards were mixed, and gaming expansion opportunities in emerging markets for selected operators were made clearer. The sector also witnessed key acquisitions in regional markets as operators look to expand their footprints when opportunities present themselves. The latest monthly performance eliminated the cumulative gains reported during the preceding three months, bringing the Applied Analysis Gaming Index (AAGI) to a level on par with January 2012.

By the close of May 2012, the AAGI retreated 61.49 points (-12.4 percent) to a composite score of 435.74 points from 497.24 points in the preceding month. The rate of decline on a month-to-month basis far outpaced the broader market as the S&P 500 dipped by 3.3 percent during the same timeframe (when computed on a similar basis). Compared to the same month of the prior year, the gaming sector was off 11.6 percent while the broader market edged slightly upward (+0.2 percent). Going forward, investors are likely to find value in selected gaming operators and equipment makers that continue the deleveraging process and/or remain opportunistic in growth strategies.



Selected financial and operating activity reported during the month included the following:

- » **Boyd Gaming (BYD)** – Boyd Gaming (BYD) announced the acquisition of regional gaming operator Peninsula Gaming, which is subject to regulatory and customary closing procedures. The deal allows Boyd to further diversify its revenue composition - and possibly its earnings composition to a greater extent - a scenario that may bode well for the Vegas-based gaming operator with operations in Atlantic City as well. Stability may prove to be the biggest 'return' from this transaction. Currently, Boyd's Midwest and South markets represent 35 percent of its EBITDA total. On a pro forma basis reflecting the acquisition, the regions will account for 54 percent of total EBITDA. The Las Vegas Locals market would decline from 34 percent of total EBITDA to 24 percent and Atlantic City is expected to reflect 22 percent of EBITDA (down from 31 percent). Management noted limited supply in the areas where Peninsula has operations, stable tax and regulatory environments and generally resilient markets from an economic standpoint.

The transaction is valued at \$1.45 billion, which comes with five properties: Kansas Star Casino near Wichita, Kansas; Diamond Jo Casino in Dubuque, Iowa; Diamond Jo Worth in Northwood, Iowa; Evangeline Downs Racetrack & Casino in Opelousas, Louisiana; and Amelia Belle Casino in Amelia, Louisiana. The price reflects a 7.0 times multiple of trailing 12-month EBITDA (\$109 million) for Peninsula's Iowa and Louisiana properties, an annualized run-rate for Kansas Star based on its first quarter 2012 EBITDA (\$26.8 million) and corporate expense of approximately \$10 million.

- » **Penn National Gaming (PENN)** – Penn National (PENN) announced a deal to buy Harrah's St. Louis (located in Maryland Heights, Missouri) from Caesars Entertainment for approximately \$610 million. The transaction represents a multiple of approximately 7.75 times the property's trailing 12-month EBITDA. The deal is expected to close in the second half of 2012. Penn National (PENN) is expected to re-brand the casino with the company's Hollywood-themed brand. In May, PENN also opened the \$320-million Hollywood Casino Toledo in northwest Ohio.
- » **Wynn Resorts, Ltd. (WYNN)** – First quarter earnings released by Wynn Resorts (WYNN) early in the month did not turn heads. Net revenues for the quarter were \$1.3 billion, up modestly from the prior year. Revenue composition shifted as WYNN's Macau operations posted a 9.8-percent increase while Las Vegas-based revenues dipped 8.1 percent. Adjusted property EBITDA was off (\$390.7 million vs. \$405.0 million) primarily due to a shift in the hold percentage at the tables in Vegas (23.6-percent decline in Vegas EBITDA) while Macau edged up 6.2 percent. Reports also suggest WYNN has opted not to pursue a gaming license in Massachusetts.
- » **Caesars Entertainment (CZR)** – Management changes at Caesars Entertainment have the company's Executive Vice President and Chief Financial Officer Jonathan Halkyard departing the gaming giant for NV Energy, a Nevada-based utility provider.

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 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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