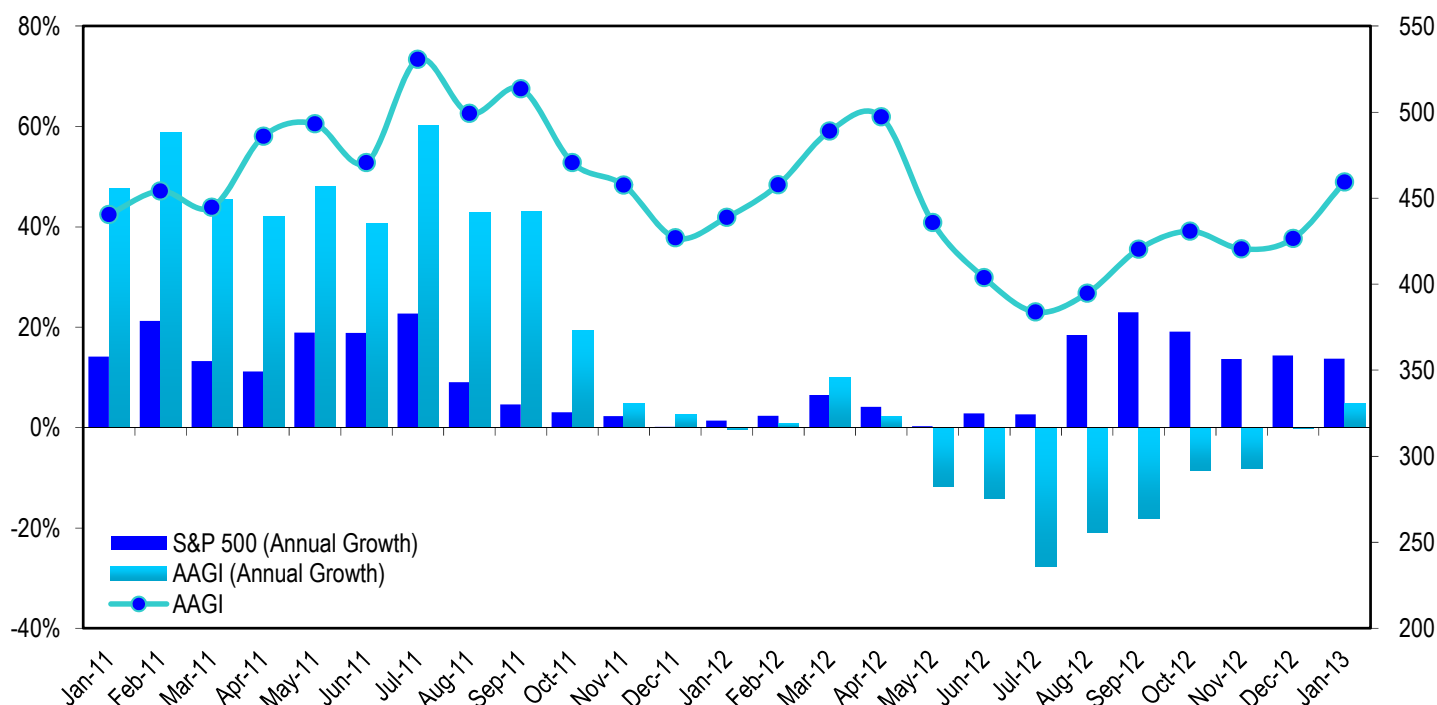


AAGI		Stock Price - Daily Average			Prior Period		Prior Year		Contribution to Index
		Jan-13	Dec-12	Jan-12	% Change	% Change			
Operators	Ameristar Casinos, Inc. (ASCA)	\$26.71	\$22.51	\$19.02	18.65	▲	40.39	▲	0.39
	Boyd Gaming (BYD)	\$6.78	\$6.19	\$8.22	9.41	▲	(17.59)	▼	0.02
	Caesars Entertainment (CZR)	\$7.53	\$7.35	N/A	2.52	▲	N/A		(0.03)
	Las Vegas Sands (LVS)	\$52.08	\$45.66	\$46.23	14.07	▲	12.66	▲	25.74
	MGM Resorts International (MGM)	\$12.81	\$11.20	\$12.29	14.35	▲	4.19	▲	0.95
	Penn National Gaming, Inc. (PENN)	\$49.46	\$49.09	\$40.18	0.76	▲	23.12	▲	(1.47)
	Pinnacle Entertainment, Inc. (PNK)	\$15.79	\$13.82	\$10.56	14.20	▲	49.50	▲	0.18
	Wynn Resorts, Ltd. (WYNN)	\$122.56	\$112.14	\$113.70	9.29	▲	7.79	▲	8.12
Manufacturers	Bally Technologies, Inc. (BYI)	\$46.71	\$45.32	\$40.94	3.09	▲	14.12	▲	(0.35)
	International Game Technology (IGT)	\$14.98	\$14.26	\$16.75	5.11	▲	(10.54)	▼	(0.04)
	SHFL Entertainment (SHFL)	\$14.51	\$13.74	\$12.49	5.59	▲	16.19	▲	0.00
	WMS Industries (WMS)	\$17.80	\$16.54	\$21.21	7.67	▲	(16.04)	▼	0.05
Composite	Increase (Decrease) to Index								33.55
	AAGI - December 2012								426.53
	AAGI - January 2013								460.08

Stock prices for gaming operators and equipment manufacturers started the year in positive territory as every company in the Applied Analysis Gaming Index (AAGI) posted positive stock gains during January 2013. A recent acquisition and investor anticipation of the quarterly earnings season drove valuations higher during the month. The AAGI also continued to climb as stock price gains for Las Vegas Sands (LVS) accounted for the lion's share of the uptick due to the company's rise in stock price combined with its relatively large market capitalization and weighting within the index. Wynn Resorts, Ltd. (WYNN) also contributed positively to the index.

During the month of January 2013, the AAGI reached a composite value of 460.08, which represented a 7.9-percent jump from December 2012. On a year-over-year basis, the index was up a more modest 4.9 percent. For comparative purposes, the broader equity markets have outperformed the AAGI on an annual basis, but lagged the sector during the past month. The S&P 500 experienced a 4.1 percent increase from December 2012, yet it remains up 13.8 percent year-over-year (when computed on a similar basis to the AAGI).



Key events and earnings reports during the past month included the following:

- Ameristar Casinos' (ASCA) Stock Price Remains Elevated** – While reported last month, Pinnacle Entertainment's (PNK) proposed acquisition of Ameristar Casinos (ASCA) drove valuations higher for Ameristar during January, now reflecting a full month of trading (the deal was previously announced on December 20, 2012). The transaction established a purchase price of \$26.50 per share; the stock has been trading within a relatively tight range through January and at a slight premium to the pending acquisition price. The premium driven by investor demand may be sourced to speculation that another bidder may emerge for the regional gaming operator. Ameristar also announced a change in their fourth quarter earnings release date (scheduled sometime during the week of February 4th), and they will not host a conference call to discuss the results. The buyer of Ameristar, Pinnacle Entertainment, will be releasing its year-end results on February 13th prior to the markets' opening.
- WMS Industries (WMS) To Be Acquired by Scientific Games Corporation (SGMS)** – Announced on the last day of the month, WMS agreed to be acquired by Scientific Games for \$26.00 per share in an all-cash deal. The valuation equates to approximately \$1.5 billion. Both companies received board approval for the the transaction. Scientific Games supplies lottery instant tickets, lottery and video gaming systems and server-based gaming. The deal values WMS at approximately 6.0x its trailing 12-month adjusted EBITDA of \$246 million (September 30, 2012). Typical shareholder and regulatory approvals are required before the transaction is consummated; it is expected to close by the end of 2013.
- Las Vegas Sands (LVS) Fourth Quarter Earnings Strong Abroad** – Net revenues for Las Vegas Sands increased 20.9 percent during the fourth quarter of 2012 to a record \$3.1 billion, while adjusted property EBITDA increased a more modest 4.4 percent to \$1.0 billion. The company notes that it reported record results in Macao with a 43.3-percent increase in adjusted EBITDA to \$622.2 million. However, overall, adjusted EBITDA was negatively impacted by a lower table games hold. In Las Vegas, net revenues declined 9.2 percent year-over-year to \$308.3 million, due to a 25.7-percent decline in casino revenues and a 12.2-percent decline in food and beverage revenues. Adjusted EBITDA fell 34.7 percent to \$52.8 million, while EBITDA margin declined 6.7 percentage points to 17.1 percent. The company notes that the region's results were negatively affected by lower-than-expected table games win. Convention, retail and other revenues reported a 3.6-percent increase during the quarter to \$74.5 million, while room revenues increased 3.3 percent to \$114.3 million. The increase in room revenues is attributable to a 1.7-percent increase in revenue per available room ("RevPAR") as a result of a 4.1-percent increase in average daily rate ("ADR") to \$203, which was partially offset by a 1.5-percentage point decline in occupancy to 87.6 percent. In addition to the recent earnings report, media speculation has suggested that the company is seeking to divest themselves of their assets in Bethlehem, Pennsylvania. The casino property may be worth as much as \$1 billion, assuming a number of factors and conditions.

- **Penn National Gaming (PENN) Releases Q4 Results** – Overall, earnings fell short of expectations. Penn National reported a 9.9-percent increase in net revenues to \$743.8 million during the fourth quarter of 2012. Adjusted EBITDA declined 2.7 percent to \$152.3 million. The company notes that the fourth quarter performance was weaker than expected due to newer facilities taking longer than expected to ramp up and a softening of gaming revenue trends industry-wide. The greatest increase was reported in casino revenues, which were \$665.8 million in the fourth quarter, up 10.9 percent from the same period a year ago. Food, beverage and other revenue reported a more modest increase, rising just 1.2 percent to \$112.2 million. The East/West region, which includes M Resort in Las Vegas, reported net revenues of \$301.7 million, down 9.5 percent from a year ago. Adjusted EBITDA was \$84.4 million (down 0.1 percent).
- **International Game Technology (IGT) Posts Fiscal First Quarter Results** – International Game Technology reported net revenues of \$530.3 million in the company's fiscal first quarter of 2013, up 19.0 percent from the same period a year ago. The company notes that this revenue growth was primarily attributable to growth in North America product sales and its interactive segment. Product sales revenue increased 29.8 percent to \$234.8 million, with revenue in North America reporting a 54.3-percent increase to \$158.9 million.

The number of units recognized increased 46.6 percent to 10,700; however, average machine sales price declined 6.9 percent to \$14,800, which the company attributes to negative pricing mix due to VLT sales. Compared to the prior quarter, social gaming revenues increased 15.4 percent to \$41.3 million, due to a 3.3-percent increase in daily active users to 1.5 million. Gaming operations reported a decline in revenue, falling 3.7 percent to \$242.6 million. Meanwhile, the installed base increased 2.2 percent to 56,800, due to lease operations growth.

- **Wynn Resorts (WYNN) Posts Year-end Results** – Net revenues for Wynn Resorts were \$1.3 billion during the fourth quarter of 2012, representing a 4.1-percent decline from the same period a year ago. Adjusted EBITDA was \$398.5 million, down 0.9 percent from a year ago. The declines reported in the fourth quarter are attributable to results in Macau, where revenue declined 9.7 percent and adjusted EBITDA fell 9.5 percent.

The company's Las Vegas properties reported net revenues of \$390.4 million during the period, up 12.1 percent from last year, while adjusted EBITDA increased 29.4 percent to \$115.3 million. EBITDA margin increased 3.9 percentage points to 29.5 percent. Casino revenues reported the most significant gain during the quarter, rising 23.8 percent to \$180.5 million. Table games drop, slot machine handle and net slot win all reported year-over-year increases, and table games win percentage was 26.8 percent, which is higher than the expected range of 21 percent to 24 percent. Non-casino revenue increased 4.6 percent due to increases in all sources but retail, which declined by just 0.9 percent. Food and beverage revenues increased 7.6 percent to \$111.1 million, while entertainment revenues were up 1.6 percent from a year ago due to strong revenues from Le Rêve. Room revenues increased 2.9 percent to \$87.8 million due to a 1.6-percent increase in ADR and essentially no change in occupancy rate, which resulted in a 1.8-percent increase in RevPAR to \$201.

- **Bally Technologies (BYI) Release Second Quarter Fiscal Results** – Bally Technologies reported record diluted earnings per share and net revenues during its fiscal second quarter of 2013. Net revenues increased 13.3 percent to \$238.3 million, with increases in all three of the company's revenue sources. The gaming equipment segment reported the greatest increase in revenue, rising 17.7 percent to \$82.6 million due to higher domestic replacement sales. New gaming devices increased 25.6 percent to 4,565, but new unit average selling price declined 3.8 percent to \$16,553. Gaming operations revenues increased 14.8 percent to \$99.0 million, due to an 87.0-percent increase in the installed base of WAP games. Meanwhile, systems revenues reported a more modest 5.0-percent increase to \$56.7 million, with maintenance revenues increasing 27.8 percent to a record \$23.0 million. The company notes that traditional domestic replacement sales were up year-over-year for the seventh quarter in a row, and it has also repurchased stock in 21 consecutive quarters.
- **Upcoming Earnings Announcements** – In addition to the recent announcements described above, future announcements include the following:

Company	Symbol	Date
Ameristar Casinos	ASCA	Week of February 4 th / no call
Boyd Gaming	BYD	Not scheduled as of yet
Caesars Entertainment	CZR	Not scheduled as of yet
MGM Resorts International	MGM	February 20 th / 11:00 a.m. ET
Pinnacle Entertainment	PNK	February 13 th / 10:00 a.m. ET
WMS Industries	WMS	February 6 th / 4:30 p.m. ET

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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