November 19, 2008

Welcome to the Association of Gaming Equipment Manufacturers’ (AGEM) inaugural issue of the Global Gaming Supplier Industry Impact Analysis. This year marks an extraordinary year for our industry and AGEM member companies. During the course of the past year, our membership nearly doubled from 32 to 60 members as of the date this report was published. The latest expansion in our membership and increased exposure throughout the world demonstrate the strength of our group and the active involvement of our members. We would like to thank all AGEM member companies for their participation, financial support and tireless efforts to positively promote our industry.

This year has not been without its challenges as global economic conditions have remained volatile and the current financial crisis has impacted all sectors of the economy. Many of our publicly traded members have witnessed the negative effects of the challenges facing the broader market. While concerns over demand for leisure, hospitality and gaming industries persisted through the recent election cycle, the longer-run outlook for the supplier segment of the market remains bright.

AGEM and its member companies remain proactive and at the forefront of legislative measures and industry events. In 2008, AGEM-sponsored events took place in Biloxi, Montreal, San Diego and Las Vegas. It is worth noting, gaming proliferation in emerging markets bodes well for global gaming suppliers. We expect that the upcoming year will require equal diligence to ensure the issues vital to the industry’s success are considered. In addition to expansions in Asia, Europe, and other regions, additional capacity within the United States is also expected to pay dividends for suppliers.

During 2008, AGEM retained Applied Analysis, a Nevada-based economic and gaming consultancy, to assist in the preparation of this Industry Impact Analysis and conduct our member company survey. The survey was designed to provide you with insight on the diverse composition of our member companies while demonstrating our strengths. The results of these efforts are located on the pages that follow and represent the first time information exists that shows the collective size and scope of global gaming suppliers.

We hope this report provides you insight into our prestigious organization, the gaming supplier industry, our technologically advanced member companies and their innovative product offerings.

Sincerely,

Brooke Dunn
President

Marcus E. Prater
Executive Director

Phone: 702.812.6932  ■  P.O. Box 50049, Henderson, NV 89016-0049 USA  ■  www.AGEM.org
Executive Summary
During 2008, the Association of Gaming Equipment Manufacturers (AGEM) has made significant contributions to the economy, charitable organizations and was involved in key legislative measures.

News
Over the years, AGEM has contributed more than $1 million to interests involved with addressing problem gambling. National and local organizations such as the National Center for Responsible Gaming, the National Council on Problem Gambling, the Nevada Council on Problem Gambling and The Problem Gambling Center have all benefitted from AGEM’s contributions.

Committees
AGEM and its member companies remain proactive and at the forefront of legislative measures and industry events.

AGEM Leadership
The latest expansion in our membership and increased exposure throughout the world demonstrate the strength of our group and the active involvement of our members. We would like to thank all AGEM member companies for their participation, financial support and tireless efforts to positively promote our industry.

Industry Impact Analysis
In 2008, AGEM retained Applied Analysis, a Nevada-based economic and gaming consulting firm, to conduct an economic impact analysis for the global gaming supplier segment of the gaming industry. Economic impacts include economic output, employment, and wage and salary payments.

AGEM Index
During 2008, AGEM developed the monthly Association of Gaming Equipment Manufacturers’ (AGEM) Index that comprises 16 global gaming suppliers throughout the world. A total of 13 suppliers are based in the United States and are listed on the NYSE, Nasdaq or AMEX, while two trade on the Australian exchange and one supplier trades on the Milan exchange.

Global Reach
Association of Gaming Equipment Manufacturers (AGEM) Members operate in more than 40 countries across the world.

AGEM Members
During the course of the past year, our membership nearly doubled from 32 to 60 members as of the date this report was published.

Members Added ‘08
The latest expansion in our membership and increased exposure throughout the world demonstrate the strength of our group and the active involvement of our members.

AGEM Membership
AGEM frequently comes together on issues related to gaming legislation, gaming expansion into new jurisdictions and regulatory matters. The group addresses these issues at its monthly meetings and, when needed, will join together to promote the industry’s best interests or to affect change.

Gaming Supply Forecasts
Legislative initiatives gaining approval on the November 4, 2008 ballot included 15,000 slot machines in Maryland, removal of loss limits in Missouri and increased betting limits in Colorado.

The Community
AGEM provides financial support to a number of responsible gaming organizations, including the National Council on Problem Gambling, the Nevada Council on Problem Gambling, and the Problem Gambling Center. AGEM encourages its members to support the cause through their own companies.

Gaming Referendums
Recent gaming referendums from around the United States with the potential to impact gaming equipment manufacturers came to a vote on this year’s ballots.
During 2008, the Association of Gaming Equipment Manufacturers (AGEM) has made significant contributions to the economy, charitable organizations and was involved in key legislative measures. The following highlights key elements of the Global Gaming Supplier Industry Impact Analysis.

Economic and Fiscal Impact

Based on the impact analysis contained in this report, we noted the following economic contributions of the global gaming supplier sector during 2007:

- **Direct impacts on the economy** included approximately $11.9 billion of economic output (revenues), employing approximately 28,200 full-time equivalents and paying salaries and wages of an estimated $1.9 billion.
- **Key economic measures** all represented increases from the prior year with economic output up 27.3 percent, employment up 3.8 percent and salaries and wage payments up 7.6 percent.
- **Average annual salaries within the industry** were $67,100, representing an increase of 3.7 percent from the prior year.
- **Including the “ripple effect” of the industry’s contributions**, the industry reported a combined economic output of $33.2 billion, employment of 78,600 and salary and wage payments of $4.5 billion.

In addition to economic contributions, fiscal impacts associated with the industry were material. Total income tax payments approached $1.0 billion, while taxes, fees and charges paid to municipalities were also significant.

Philanthropy and Community

In addition to supporting responsible gaming and other industry-embraced initiatives, AGEM and its members have helped numerous charitable and non-profit organizations, including The Boys and Girls Club and United Way. In the aftermath of Hurricane Katrina in 2005, AGEM made a major donation to the Salvation Army and American Red Cross. Over the years, AGEM has contributed more than $1 million to interests involved with addressing problem gambling. AGEM member companies also contribute countless more on their own.

Legislative Update

While global economic concerns persisted through the election, legislative initiatives gaining approval on the November 4, 2008 ballot included 15,000 slot machines in Maryland, removal of loss limits in Missouri and increased betting limits in Colorado. Taking a look at expansions during the next several years, we anticipate additional slot capacity of over 150,000 slot machines and nearly 3,500 table games in more than 25 U.S. States. These expansions are expected to bode well for the gaming supplier sector.
AGEM News

- AGEM was formed in 2000 by the largest of the slot companies that felt a need for a collective voice.

- Our organization works with trade show organizers around the world to ensure its members and their customers benefit from an active and productive business atmosphere. We also have official partnerships with the American Gaming Association (AGA) and Reed Exhibitions, the co-owners of the Global Gaming Expo (G2E) in Las Vegas and G2E Asia in Macau.

- AGEM also organizes social events at trade shows to build on the spirit of cooperation among its members for the benefit of AGEM customers.

- Over the years, AGEM has contributed more than $1 million to interests involved with addressing problem gambling. National and local organizations such as the National Center for Responsible Gaming, the National Council on Problem Gambling, the Nevada Council on Problem Gambling and The Problem Gambling Center have all benefitted from AGEM’s contributions. In addition to the contributions made by this organization, AGEM members contribute countless more on their own.

- AGEM is also actively involved in education initiatives, including contributions totaling $300,000 to the College of Southern Nevada in Las Vegas / Henderson to fund a slot technician curriculum. During this current school year, nearly 250 students are enrolled in the program.

- AGEM identifies opportunities that benefit its members and the industry as a whole. These can take shape in the form of regulatory or legislative issues, or expansion opportunities such as the ballot measure in Maryland that passed in November 2008 and created a new market of up to 15,000 slot machines for AGEM members. AGEM is also very active in Nevada politics and contributes a significant amount annually to candidates who can help further the interests of AGEM members and the gaming industry in general.

- AGEM serves as a “spokesperson” for the supplier side of the industry and regularly fields inquiries from around the world. In addition, the AGEM Index is quickly becoming a respected snapshot of the month-to-month market performance of the supplier segment of the industry.

Member companies’ 2007 gross revenue distribution:

- More than $500M: 21.7%
- $101M to $500M: 34.2%
- $25M to $100M: 26.1%
- $1M to $25M: 13.0%
- Less than $1M: 4.3%
- 0% to 1%
- 1% to 10%
- 11% to 25%
- 26% to 50%
- 50% to 75%
- More than 75%: 24.0%

Share of member companies’ revenues sourced to gaming equipment sales in 2007:

- More than 75%: 24.0%
- 50% to 75%: 16.0%
- 26% to 50%: 16.0%
- 11% to 25%: 4.0%
- 1% to 10%: 16.0%
- 0%: 24.0%
Governmental Affairs

Name | Company
--- | ---
Walt Stowe | Elixir Gaming
Mark Lerner | Bally Technologies
Neil Friedman | IGT
Tom Jingoli | Konami
Bill Bartholomay | WMS
Erik Batzloff | GTECH
Brooke Dunn | Shuffle Master
Gordon Dickie | Cadillac Jack

Investment

Name | Company
--- | ---
Mark Lerner | Bally Technologies
Neil Friedman | IGT
Tom Jingoli | Konami
Alisha Ray | Progressive Gaming

Marketing

Name | Company
--- | ---
Tom Nieman | JCM Global
Tracey Chernay | TransACT
Ed Rogich | IGT
Brooke Dunn | Shuffle Master
Gina Lanphear | Cadillac Jack
Claudia Baskerville | Atronic

Education / Donation

Name | Company
--- | ---
Bob McMonigle | Aristocrat
Orrin Edidin | WMS
Walt Stowe | Elixir Gaming
Brandon Knowles | TransACT

MEI

Market Share Gain

MEI holds the world’s largest installed base of unattended payment systems, handling over 2 billion transactions per week in more than 100 countries. The company developed the first electronic coin mechanism in the 1960s, followed by the first electronic non-contact bill acceptor, and more recently its credit card capability and vending management solutions software.

MEI payment systems’ technology is considered a choice in hundreds of real-world applications and has earned the best performance rating in the market. Through its commitment to quality and innovation, MEI continues to provide the highest reliability and state-of-the-art products for the vending, gaming, amusement, transportation, retail and kiosk markets. MEI is headquartered in West Chester, PA, with sales offices and manufacturing facilities worldwide.

www.meigroup.com
R. BROOKE DUNN
President, AGEM
Senior Vice President
SHUFFLE MASTER
R. Brooke Dunn joined Shuffle Master in 1996 as Director of Marketing and was promoted to Vice President of Marketing in July 1997 and Senior Vice President in July 2001. Prior to joining Shuffle Master, Dunn was Vice President of Gaming Operations Marketing for the Hilton Gaming Corporation, as well as Vice President of Marketing for numerous companies including the Reno Hilton, Harveys in Lake Tahoe and the Flamingo Hilton Laughlin. Dunn graduated from San Diego State University with a B.S. in Marketing. Dunn has been a founding Officer of AGEM since its inception. He has served as President for the last 3 years. Dunn is also on the Board of Directors for Opportunity Village and has served on the Board of the YMCA of Southern Nevada.

ORRIN J. EDIDIN
Vice President, AGEM
President
WMS GAMING
Orrin J. Edidin is President of WMS Gaming, a global gaming supplier headquartered in Waukegan, Illinois. Mr. Edidin, who has been with WMS since 1997, leads WMS’ Engineering and Product Development, Business Development, Global Sales and Marketing groups. He also oversees manufacturing, materials planning, sourcing and global supply management. Mr. Edidin’s vigilant focus on innovation and the creation of intellectual property, product portfolio expansion and gaining global market share have resulted in WMS’ revenues more than tripling from 2001 through 2008, with a substantial improvement in earnings. Mr. Edidin also drives WMS’s ever-expanding global footprint, including expansion into Asia, Latin America and Europe. Prior to joining WMS, Mr. Edidin was Associate General Counsel for Fruit of the Loom, Inc. and Farley Industries. From 1986 to 1992, he was Senior Attorney with the Chicago law firm of Katten Muchin Zavis Rosenman. Mr. Edidin also is a Trustee of the International Association of Gaming Attorneys and is Vice President of the Association of Gaming Equipment Manufacturers.

BRIAN WEDDERSPOON
Secretary, AGEM
Global Director of Sales
MEI
Brian Wedderspoon is MEI’s Global Director of Sales for OEM as well as managing the sales operation for Central and South America. Since joining MEI, Brian has worked with the OEM customer base to develop and broaden MEI’s product portfolio. Prior to working for MEI, Brian worked for more than fifteen years in various senior sales and marketing positions with a major automotive supplier. He has an undergraduate degree in engineering and a graduate degree in business administration.
Marcus Prater, with more than 25 years of professional communications experience, serves as Executive Director of the Association of Gaming Equipment Manufacturers (AGEM), a trade organization comprised of the world’s top gaming industry suppliers whose mission is to further the interests of its members throughout the world. Prater most recently served as Senior Vice President of Marketing for Bally Technologies, Inc., where he spent a total of nine years at the Las Vegas-based slot machine and systems provider and directed Bally’s global advertising, trade show, machine and systems sales support, media relations and special event functions. Prior to joining Bally in 1999, Prater served as Director of Marketing for Las Vegas-based slot supplier Sigma Game, Inc. Prater, a graduate of the University of Oregon School of Journalism, also previously served as Marketing Communications Manager for Las Vegas-based casino operator Ameristar Casinos, Inc.

Mark Lerner is Senior Vice President and General Counsel for Bally Technologies, Inc. He joined Bally (then called Alliance Gaming Corporation) in 1996 as assistant general counsel and became general counsel in 2000. Mark is a former deputy attorney general for the Nevada Gaming Commission and the State Gaming Control Board and was a partner with Jones, Jones, Close & Brown (now Jones Vargas), where he represented applicants for and holders of business, gaming and other licenses before state and local government agencies. Before joining Bally, Mark was general counsel to a Las Vegas gaming operating company. Mark is a graduate of Michigan State University and the Washington College of Law of the American University. He is a past chairman of the Nevada State Bar Standing Committee on Ethics and Professional Responsibility and of the Executive Committee of the Nevada State Bar Gaming Law Section.

THOMAS A. JINGOLI
Treasurer, AGEM
Senior Director of Compliance
KONAMI GAMING

Thomas A. Jingoli joined Konami Gaming, Inc. (KGI) in June 2003 as the Senior Director of Compliance. In this capacity, he directs and coordinates activities of the compliance department which oversees regulatory and technical compliance, as well as the company’s quality assurance laboratory. He also serves as the Compliance Officer for KGI, Konami Australia Pty Ltd and Konami Corporation. Mr. Jingoli has been involved with the gaming industry since 1990. He was an Agent with the New Jersey Division of Gaming Enforcement from 1990 to 1994. Mr. Jingoli attended the William F. Harrah College of Hotel Administration at the University of Nevada, Las Vegas where he received a Masters degree in Hotel Administration.

MARK LERNER
General Counsel, AGEM
Senior Vice President and General Counsel
BALLY TECHNOLOGIES

Mark Lerner

KONAMI

MARCUS E. PRATER
Executive Director, AGEM

Marcus Prater, with more than 25 years of professional communications experience, serves as Executive Director of the Association of Gaming Equipment Manufacturers (AGEM), a trade organization comprised of the world’s top gaming industry suppliers whose mission is to further the interests of its members throughout the world. Prater most recently served as Senior Vice President of Marketing for Bally Technologies, Inc., where he spent a total of nine years at the Las Vegas-based slot machine and systems provider and directed Bally’s global advertising, trade show, machine and systems sales support, media relations and special event functions. Prior to joining Bally in 1999, Prater served as Director of Marketing for Las Vegas-based slot supplier Sigma Game, Inc. Prater, a graduate of the University of Oregon School of Journalism, also previously served as Marketing Communications Manager for Las Vegas-based casino operator Ameristar Casinos, Inc.
Approach and Methodology

In 2008, AGEM retained Applied Analysis, a Nevada-based economic and gaming consulting firm, to conduct an economic impact analysis for the global gaming supplier segment of the gaming industry. Economic impacts include economic output, employment and wage and salary payments. These impact measures were further segmented into direct impacts, indirect impacts and induced impacts. Each is described below.

- **Direct impacts** measure the effects of the specific impacting force being considered. In this case, for example, gaming equipment manufacturing jobs are considered direct jobs and the wages and salaries they are paid are considered direct personal income.

- **Indirect impacts** consider how other businesses respond to the impacting condition. Employee part suppliers, for example, are considered indirect employees to the extent their jobs are dependent, in full or in part, on the suppliers’ income generated by the industry-related purchases.

- **Induced impacts** measure the effects of increased (or decreased) consumer expenditures resulting from wage and salary payments sourced to an impacting condition. In the present case, for example, if a person were to be employed by the global gaming supplier industry, she might be expected to spend a portion of her monthly salary at the supermarket, the local movie theater or on a family vacation. Induced effects capture the impacts of this spending as it “ripples” through the local economy.

- **Total effects** are the sum of direct, indirect and induced effects.

To identify and model the interrelationships in the economy, IMPLAN (Impact Analysis for Planning) software and databases were used. IMPLAN is an input-output model (or econometric system). It utilizes complex economic equations to explain how the “outputs” of one industry become the “inputs” of others, and vice versa. This relationship is sometimes referred to as the “multiplier effect,” illustrating how changes in one sector of the economy can affect other sectors.

Input-output models, as is the case with all econometric models, are not without their limitations. The statistical model used in this analysis, IMPLAN, for example, assumes that capital and labor are used in fixed proportions. This means that for every job created or lost, a fixed change in investment, income and employment results. In reality, developers, producers, consumers and governments respond to stimuli in complex ways, including changing the mix of capital or labor as well as the types and frequencies of investment. Importantly, each impacting force has its own unique characteristics, affecting how consumers and businesses respond to the given change.

 Applied Analysis (AA) is a Nevada-based economic analysis and gaming consulting firm with extensive experience in preparing economic and fiscal impact analyses. AA also maintains a broad range of gaming experience and has performed work for some of the largest gaming companies in the world. AA was retained by several organizations to review and analyze the economic, fiscal and social impacts of community investments and operations. This includes impacts on employment, wages and output as well as impacts on tax collection and public service demands. In addition to quantitative assessments, these reports also include an analysis of the industry’s or sector’s social or community contributions (e.g., charitable donations or employee volunteer hours). Recently, AA has prepared industry reports for the Nevada Resort Association, Nevada Association of Realtors, Associated General Contractors – Las Vegas Chapter and Nevada Restaurant Association.
Economic Output Impacts

Based on our research, the global gaming supplier industry is estimated to be an $11.9-billion industry when measured in terms of its revenues. While the definition of the size and scope of this sector can be debated as public data for all elements of the supplier industry does not exist, many of the world’s largest gaming equipment manufacturers are publicly-traded and provide significant insight into the depth and breadth of this particular gaming space.

When including the indirect and induced impacts associated with the “ripple effect” of direct output, total economic output sourced to the global gaming supplier industries totals $33.2 billion. For comparison purposes, according to the American Gaming Association’s 2008 AGA Survey of Casino Entertainment, U.S. domestic gross gaming revenue was $34.1 billion in commercial casinos in 2007. For every $1 of economic output directly sourced to the industry, approximately $2.79 is generated throughout the economy.

Compared to the prior year (2006), direct output generated by the global gaming supplier industry increased by 27.3 percent from $9.4 billion, while 2006 represented a 17.4-percent increase from 2005. Expansions within the industry reflect both the increased demand for gaming-related equipment and market expectations for continued expansions.

<table>
<thead>
<tr>
<th>Economic Output*</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct ( ■ )</td>
<td>$8.0</td>
<td>$9.4</td>
<td>$11.9</td>
</tr>
<tr>
<td>Indirect ( ■ )</td>
<td>$7.5</td>
<td>$8.8</td>
<td>$11.2</td>
</tr>
<tr>
<td>Induced ( ■ )</td>
<td>$6.8</td>
<td>$8.0</td>
<td>$10.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$22.2</td>
<td>$26.1</td>
<td>$33.2</td>
</tr>
</tbody>
</table>

(*in billions; totals may not sum due to rounding)
Employment Impacts

Direct employment within the global gaming supplier industry is estimated to be 28,200 in 2007, which represented a 3.8-percent increase over the 27,200 employees reported in the prior year. Positive employment growth continued for the third consecutive year as total employment in 2006 averaged 25,900.

The "ripple effect" associated with the gaming sector resulted in indirect employment of 20,500, while induced employment was 29,900 in 2007. Combined, employment impacts totaled 78,600, suggesting that for every direct job created, the industry supports 2.8 jobs throughout the economy. Compared to the prior year (2006), aggregate employment was up 3.8 percent, following an annual increase of 4.9 percent in 2006.

<table>
<thead>
<tr>
<th>Employment</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>25,900</td>
<td>27,200</td>
<td>28,200</td>
</tr>
<tr>
<td>Indirect</td>
<td>18,800</td>
<td>19,800</td>
<td>20,500</td>
</tr>
<tr>
<td>Induced</td>
<td>27,500</td>
<td>28,800</td>
<td>29,900</td>
</tr>
<tr>
<td>TOTAL</td>
<td>72,200</td>
<td>75,800</td>
<td>78,600</td>
</tr>
</tbody>
</table>
During 2007, the global gaming supplier industry generated approximately $1.9 billion in wages and salaries to the economy, resulting in an average annual wage of $67,100, well above the national median household wage of $50,200 and median salary of $33,300. The latest wage figures represented a 7.6-percent increase over the prior year (2006), while the average wage and salary payments per employee increased 3.7 percent from the $64,700 reported in 2006. Wages within the sector have reported consistent increases as the 2006 income levels reflected an 8.4-percent rise from 2005 and the per-employee wage was up 3.4 percent.

Including the indirect and induced impacts of direct wage and salary payments, aggregate wages sourced to the industry reached $4.5 billion in 2007, which represented a 7.6-percent increase from the prior year. The 2006 wage and salary payment totals represented an 8.4-percent increase from the prior year. On a per-employee basis total wages sourced to the gaming supplier industry averaged $57,200, $55,100 and $53,300 in 2007, 2006 and 2005, respectively, including indirect and induced impacts.

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$1.6</td>
<td>$1.1</td>
<td>$1.1</td>
<td>$3.9</td>
</tr>
<tr>
<td>2006</td>
<td>$1.8</td>
<td>$1.2</td>
<td>$1.2</td>
<td>$4.2</td>
</tr>
<tr>
<td>2007</td>
<td>$1.9</td>
<td>$1.3</td>
<td>$1.3</td>
<td>$4.5</td>
</tr>
</tbody>
</table>

(*in billions; totals may not sum due to rounding*)
Fiscal Impacts

In addition to the economic impacts quantified in the preceding sections of the analysis, it is worth noting the global gaming supplier segment generates a significant amount of public revenues. While measuring these particular effects was beyond the scope of this analysis, it is worth noting taxes, fees, and charges are applicable in nearly every jurisdiction in which gaming supplies are manufactured or operate.

A review specifically of the United States gaming suppliers suggest they contribute significantly to the federal government via corporate income taxes. The industry contributes nearly $1.0 billion in income tax expense (net of reported benefits).

With a significant amount of production originating in the state of Nevada, this analysis considers taxes and fees imposed on all businesses as well as those levies imposed specifically on gaming-related businesses. Nevada has several hundred taxes, fees, exactions and charges that are levied on businesses, residents and visitors. The largest of these revenues are discussed briefly below.

Business Taxes Borne by All Industries, Including Gaming Suppliers:

- **Ad Valorem (Property) Taxes** – Nevada requires that all real property is reappraised at least every five years. Property taxes vary between jurisdictions, but generally speaking, real and improved properties are taxed at an effective rate that can range from 0.5 percent to 3.0 percent of taxable value (NRS § 361.260).

- **Retail Sales and Use Taxes** – Retail sales and use taxes are imposed on the sale of tangible personal property not specifically exempted by statute. Sales tax rates in Nevada range by county, with Clark County reporting a rate of 7.75 percent (the highest in Nevada). Tax is applicable to the sales and use of gaming equipment (NRS § 372, 377, 377A, and 543.600 (et seq)).

- **Modified Business Tax** – Modified business tax is a levy imposed on businesses and financial institutions. The tax rate is 0.63 percent for businesses other than financial institutions, and 2 percent for financial institutions, of the employer’s gross wages paid by the employer during the calendar quarter. There is an allowance deduction from the gross wages for amounts paid by the employer for qualified health insurance or a qualified health benefit plan (NRS § 363A, 363B).

- **Insurance Premium Tax** – A tax imposed for the privilege of transacting business in Nevada. Each insurer shall pay a tax upon his net direct premiums and net direct considerations written, at the rate of 3.5 percent (NRS § 680B).

- **Secretary of State Fees** – Fees imposed by the state of Nevada and varies based on each business formation (NRS § 78, 78A, 80, 81, 88A86, 87, 600, and 104).

Business Taxes Borne Specifically By the Gaming Industry:

- **Non-restricted Gaming Licensees** – Issued for the operations of gaming and/or tables only; or for the operation of 16 or more slot machines only; or for the operation of games and/or tables in conjunction with slot machines. Gaming suppliers, including manufacturers, also participate in revenues and bear a share of the following taxes.

  - **Slot Machines**: Annual Tax – Annual tax of $250 per machine (NRS § 463.385).
  - **Slot Machines**: Quarterly License Fee – Quarterly tax of $20 per machine (NRS § 463.375).
  - **Table Games**: Annual License Fee – Annual fee that varies from $100 for 1 game to $16,000 plus $200 for each game over 16 (NRS § 463.380).
  - **Table Games**: Quarterly License Fee - Quarterly fee that varies from $125 for 1 game to $20,300 plus $25 for each game over 35 (NRS § 463.383).
  - **Monthly Percentage Fee** – Based on gross gaming revenue at a rate of 3.5 percent of the first $50,000 during the month, plus 4.5 percent of the next $84,000, plus 6.75 percent of revenue exceeding $134,000 (NRS § 463.370).

- **Restricted Gaming Licensees** – Issued for the operation of not more than 15 slot machines and no other games.

  - **Slot Machines**: Annual Tax – Annual tax of $250 per machine (NRS § 463.385).
  - **Slot Machines**: Quarterly License Fee – Quarterly tax ranging from $81 (1 machine) to $1,815 (15 machines) depending on the number of machines (NRS § 463.373).

- **Other Gaming Fees and Charges** – In addition to levies mandated by the state of Nevada, additional governmental units may charge specific licensing fees and taxes.
## Member companies’ expectations of market conditions during the next 12 months:

<table>
<thead>
<tr>
<th>Condition</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market conditions will improve significantly</td>
<td>4.2%</td>
</tr>
<tr>
<td>Market conditions will improve slightly</td>
<td>4.2%</td>
</tr>
<tr>
<td>Market conditions will stay about the same</td>
<td>45.8%</td>
</tr>
<tr>
<td>Market conditions will worsen slightly</td>
<td>29.2%</td>
</tr>
<tr>
<td>Market conditions will worsen significantly</td>
<td>16.6%</td>
</tr>
</tbody>
</table>

## Markets accounting for the greatest percentage sales during the past five years:

- **Nevada Casinos**: 26.1%
- **Native American Casinos**: 30.4%
- **European Markets**: 4.4%
- **South American Markets**: 4.4%
- **Other US Casinos**: 13.0%
- **Other**: 21.7%

## Markets expected to account for the greatest percentage of sales during the next five years:

- **Nevada Casinos**: 12.5%
- **Native American Casinos**: 20.8%
- **Asian Markets**: 8.3%
- **European Markets**: 8.3%
- **Other US Casinos**: 29.3%
- **Other**: 20.8%

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### International Game Technology (IGT)

**REELdepth™ Multi-Layer Display (MLD™) technology**

IGT specializes in the design, development, manufacture, distribution and sales of computerized gaming machines and systems products.

IGT's new family of REELdepth™ games uses Multi-Layer Display (MLD™) technology to create actual depth animation sequences for its Standard Products and MegaJackpots® themes. Players switch between spinning reel game play, video slots and video poker all on one gaming machine. The technology is an ingenious layering of two or more Liquid Crystal Displays (LCDs) that create the visual effect of true depth without the use of 3-D glasses. As reel configuration is dictated by the players, operators who invest in REELdepth™ games no longer have to budget to change glass, change reel strips or physically relocate and remove machines on the floor.

[www.igt.com](http://www.igt.com)
About the AGEM Index

During 2008, AGEM developed the monthly Association of Gaming Equipment Manufacturers’ (AGEM) Index that comprises 16 global gaming suppliers throughout the world. A total of 13 suppliers are based in the United States and are listed on the NYSE, Nasdaq or AMEX, while two trade on the Australian exchange and one supplier trades on the Milan exchange. The index is computed based on the month-end stock price (adjusted for dividends and splits) of each company and weighted based on approximation of market capitalization. Market capitalizations for manufacturers trading on foreign exchanges have been converted to US dollar-equivalents as of month-end for comparability purposes. The AGEM Index is based on a 100-point value as of January 2005.

Market Capitalization

Publicly-Traded AGEM Members (in millions USD)

- International Game Technology: $4,157
- Lottomatica (GTECH): $3,514
- Konami: $2,446
- WMS Industries: $1,254
- Bally Technologies: $1,230
- Aristocrat Technologies: $1,202
- Global Cash Access: $217
- Shuffle Master: $214
- Multimedia Games: $80
- Transact Technologies: $66
- Gaming Partners International: $56
- GameTech International: $28
- Ainsworth Game Technology: $14
- Elixir Gaming Technologies: $14
- Wells-Gardner Electronics: $8
- Progressive Gaming International: $3

Total Market Value: $14.5 Billion (USD)

*As of October 31, 2008
Historical Value of S&P 500 and AGEM Index

<table>
<thead>
<tr>
<th>Company</th>
<th>Ticker Symbol</th>
<th>Exchange</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ainsworth Game Technology</td>
<td>AGI</td>
<td>ASX</td>
<td>AUD $</td>
</tr>
<tr>
<td>Aristocrat Technologies</td>
<td>ALL</td>
<td>ASX</td>
<td>AUD $</td>
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<tr>
<td>Bally Technologies</td>
<td>BYI</td>
<td>NYSE</td>
<td>USD $</td>
</tr>
<tr>
<td>Elixir Gaming Technologies</td>
<td>EGT</td>
<td>AMEX</td>
<td>USD $</td>
</tr>
<tr>
<td>GameTech International</td>
<td>GMTC</td>
<td>Nasdaq</td>
<td>USD $</td>
</tr>
<tr>
<td>Gaming Partners International</td>
<td>GPIC</td>
<td>Nasdaq</td>
<td>USD $</td>
</tr>
<tr>
<td>Global Cash Access</td>
<td>GCA</td>
<td>NYSE</td>
<td>USD $</td>
</tr>
<tr>
<td>International Game Technology</td>
<td>IGT</td>
<td>NYSE</td>
<td>USD $</td>
</tr>
<tr>
<td>Konami</td>
<td>KNM</td>
<td>NYSE</td>
<td>USD $</td>
</tr>
<tr>
<td>Lottomatica (GTECH)</td>
<td>LTO</td>
<td>Milan</td>
<td>Euro €</td>
</tr>
<tr>
<td>Multimedia Games</td>
<td>MGAM</td>
<td>Nasdaq</td>
<td>USD $</td>
</tr>
<tr>
<td>Progressive Gaming International</td>
<td>PGIC</td>
<td>Nasdaq</td>
<td>USD $</td>
</tr>
<tr>
<td>Shuffle Master</td>
<td>SHFL</td>
<td>Nasdaq</td>
<td>USD $</td>
</tr>
<tr>
<td>Transact Technologies</td>
<td>TACT</td>
<td>Nasdaq</td>
<td>USD $</td>
</tr>
<tr>
<td>Wells-Gardner Electronics</td>
<td>WGA</td>
<td>AMEX</td>
<td>USD $</td>
</tr>
<tr>
<td>WMS Industries</td>
<td>WMS</td>
<td>NYSE</td>
<td>USD $</td>
</tr>
</tbody>
</table>
Association of Gaming Equipment Manufacturers

Global Reach

AGEM Member Corporate Offices and Operations Are Located In:
- Australia
- Austria
- Bulgaria
- Canada
- Japan
- Slovenia
- Austria
- United Kingdom
- United States

AGEM Members Also Operate In:
- Argentina
- Beijing
- Belarus
- Belgium
- Brazil
- Chile
- China
- Colombia
- Croatia
- Czech Republic
- Estonia
- Finland
- France
- Georgia
- Germany
- Hong Kong
- Hungary
- Iceland
- India
- Israel
- Italy
- Kazakhstan
- Latvia
- Macau
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Peru
- Poland
- Puerto Rico
- Romania
- Russian Federation
- Singapore
- South Africa
- Spain
- Sweden
- Switzerland
- Slovakia
- Serbia
- Thailand
- Ukraine
AGEM Members

Gold Members

- Aristocrat Technologies
- Aruze Gaming America
- Austrian Gaming Industries GmbH
- Bally Technologies
- GTECH /Atronic/ Spielo
- International Game Technology (IGT)
- Konami Gaming
- WMS Gaming

Silver Members

- AC Coin & Slot
- Action Gaming
- Casino Technology
- Interblock USA
- JCM American
- MEI
- Multimedia Games
- Octavian International
- Progressive Gaming International
- Shuffle Master
- Suzo-Happ Group
- TCSJohnHuxley
- Wells-Gardner Electronics

WMS Industries, Inc.

WMS Continues to Lead the efforts of networked gaming “One Step at a Time.”

WMS is one of the world’s leading slot suppliers with an unmatched reputation for innovative game design and development. Our portfolio includes many of the industry’s most popular and profitable branded casino slots and state-of-the-art gaming technologies. We aspire to create the most entertaining products in the world and service our customers with an uncompromising passion for quality. Our success can be attributed to our five core values: Passion, Innovation, Tenacity, Quality and Integrity. In order to ensure that all of our employees share these values, we focus on teamwork as our guiding principle. Our reputation for innovative game design and development is unmatched and our investments in technology have positioned us to reap the benefits of success for years to come.

www.wms.com

Number of patents held among member companies:
Konami Gaming, Inc.

New Facility & Acquisition

Konami Gaming, Inc. is a total solution provider, manufacturing not only slot machines but a technologically advanced casino management system called the Konami Casino Management System or KCMS. Our company is known for its state-of-the-art video slot titles played in casinos throughout the United States such as the newest K2V™ product with the proven performing titles Rawhide™, Club Moulin™ and African Diamond™.

Konami opened a 120,000 square foot state-of-the-art manufacturing and administration facility in Las Vegas, Nevada. Prior to the opening Konami Gaming, Inc. acquired Paradigm Gaming Systems, Inc. This acquisition gave Konami a casino management system and allowed the company to be competitive with other system providers like IGT, Bally and Aristocrat.

www.konamigaming.com

Bronze Members

- Ainsworth Game Technology
- Cadillac Jack
- CashCode
- Diamond Game
- Elixir Gaming Technologies
- GameTech International
- Las Vegas Gaming, Inc. (LVGI)
- Modern Gaming

Associate Members

- Elite Casino Products
- Esterline Advanced Input Systems
- FutureLogic
- Gaming Partners International
- Gary Platt Manufacturing
- Global Cash Access
- Grand Products
- Greenberg Traurig LLP
- IDX
- Intel
- IPS
- James Industries
- Kreller Group
- KSK Digital Printing
- MC2
- MCA Processing
- Mikohn Signs and Graphics
- Money Controls
- Nanoptix
- PDQ Printing
- Proforma GPS
- Sanmina-SCI Corporation
- Tgraphics | Outpost Productions
- The Bright Group
- 3M Touch Systems
- TMX
- TransAct Technologies
- Wrex Products
- Young Electric Sign Company
Suzo-Happ Group

Synchronized Low Profile Xenon Topper

The Suzo-Happ Group is a global leader in the design, manufacture and distribution of gaming, amusement and industrial products. The company manufactures major brands such as Starpoint reels and Vision Pro monitors while also representing key gaming component manufacturers such as MEI Group, FutureLogic Inc., Kortek and Acrosser. Suzo-Happ Group services customers in nearly 80 countries with engineering, manufacturing and distribution capabilities.

The Xenon Topper has a low profile to accommodate locations where ceiling height is a problem. An on-board PCB allows stand alone operation or up to eight toppers to be synchronized to work in a collective pattern. Toppers can be synchronized to create unique patterns, for example a snake pattern that runs from one topper to the next. Up to eight toppers can be synchronized using cables.

www.suzohapp.com
THE BRIGHT GROUP, with headquarters in Silverwater, Australia, is a global contract manufacturer of cost effective, high-quality products ranging from electro-mechanical sub-assemblies to generic slot machines.

YOUNG ELECTRIC SIGN COMPANY (YESCO), with headquarters in Salt Lake City, Utah, and operations in Las Vegas and throughout the West, has been a leading provider of exterior and interior signs since 1920.

July 17, 2008

CASHCODE, based in Concord, Ontario in Canada, is a leading international manufacturer of currency validation technology. CashCode boasts one of the highest acceptance rates in the industry, and is also a proud member of Gaming Standards Association.

SUZO-HAPP GROUP, based in Elk Grove, Illinois, manufactures and distributes gaming components, parts and accessories and has warehousing, production and engineering facilities around the world.

TCSJOHNHUXLEY, an international company with operations in all of the world’s major gaming jurisdictions, is a leading manufacturer and product innovator of traditional and technology casino and gaming equipment.

August 27, 2008

DIAMOND GAME ENTERPRISES, based in Chatsworth, California, designs, manufactures and supplies electronic gaming machines, gaming systems and instant tickets for the Native American, charity and public gaming markets.

NANOPTIX INC., based in Dieppe, New Brunswick, Canada, is a global thermal printer solutions provider for the gaming, casino, point-of-sale and kiosk markets.

OCTAVIAN INTERNATIONAL LTD., based in Guildford, Surrey, United Kingdom, is a games and systems developer that is established as a leader in networked gaming solutions for casino, lottery and AWP markets.

September 22, 2008

ARUZE GAMING AMERICA, with headquarters in Tokyo and U.S. operations based in Las Vegas, is a manufacturer and distributor of hybrid LCD high-resolution reel and video slot and poker games and multi-terminal gaming devices.

GLOBAL CASH ACCESS, based in Las Vegas, is a leading provider of cash access systems and related marketing services to the gaming industry.

KSK DIGITAL PRINTING, with locations in Las Vegas, Cleveland, Ohio, and Detroit, Michigan, specializes in slot machine glass, reel strips, slot toppers, casino backlights and interior casino signage.

October 22, 2008

INTEL, the world leader in silicon innovation, develops technologies, products and initiatives to continually advance how people work and live.

INTERBLOCK USA, with its parent company based in Menges, Slovenia, has earned its reputation as the world leader in the development, production and distribution of multiplayer electromechanical gaming machines under the Interblock brand.
FutureLogic, Inc.

**GEN2 Universal Printer & PromoNet Marketing Solution**

Founded in 1983 and headquartered in Glendale, Calif., FutureLogic designs and builds high-reliability electromechanical assembly solutions for nearly every printing need. As a leader in super-robust thermal printer technology, FutureLogic is the industry's premier supplier of thermal printers for casino gaming, promotional equipment, kiosk, industrial, RTAL, gas pumps and medical applications.

FutureLogic's GEN2 Universal printer is USB compliant with GSA and IGT standards and compatible with existing platforms and the next generation of downloadable games. The printer’s three game ports support all current and emerging game types including RS232, Netplex and USB 2.0 full speed.

[www.futurelogic-inc.com](http://www.futurelogic-inc.com)

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**Mission**

AGEM is an international trade association representing manufacturers and suppliers of electronic gaming devices, systems, table games, key components and support products and services for the gaming industry. AGEM works to further the interests of gaming equipment suppliers throughout the world. Through political action, trade show partnerships, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization. Together, AGEM has assisted regulatory commissions and participated in the legislative process to solve problems and create a business environment where AGEM members can prosper while providing a strong level of support to education and responsible gaming initiatives.

**Focus**

The Association acts upon issues relating to education, trade show representation, regulation, manufacturing and licensing standards, and promotes the expansion of responsible gaming for the benefit of its members and the industry. Working together, we are a force that drives a multi-billion dollar industry. Membership in AGEM provides a unique opportunity to pave the road to success – both for your company and for other members. From marketing to management, members also have the chance to share their knowledge and expertise with fellow associates and, more importantly, the chance to learn from them as well.

**Strength in Membership**

AGEM members develop and manufacture gaming devices, table games, slot machines, related systems and equipment and much more. Our members generate billions of dollars in combined revenues annually.

AGEM members provide high-paying, high-tech professions in all sectors of the gaming manufacturing industry. Employment opportunities include software design, graphic art, engineering, and cabinet making, among others.

AGEM frequently comes together on issues related to gaming legislation, gaming expansion into new jurisdictions and regulatory matters. The group addresses these issues at its monthly meetings and, when needed, will join together to promote the industry’s best interests or to affect change.
Benefits

AGEM members not only develop strong relationships within the industry, but membership benefits also include:

- AGEM members receive a 24% discount off of space at G2E Las Vegas.
- AGEM members receive a 17% discount off of space at G2E Asia in Macau.
- AGEM members receive substantial discounts on goods and services through the Endorsed Service Provider (ESP) Program.
- AGEM addresses worldwide legislative and regulatory issues that impact ALL suppliers.
- AGEM promotes responsible gaming initiatives.
- AGEM creates educational partnerships benefitting both students and member companies.
- AGEM members that are publicly traded receive enhanced exposure on the AGEM Index of gaming technology equity valuation distributed monthly.
- AGEM helps drive the direction of trade show events, conferences and social activities.
- AGEM members stay informed of big-picture issues affecting the top slot and table game suppliers and therefore their vendors.

Contact AGEM Today

Marcus E. Prater, Executive Director
Phone: 702.812.6932 / E-mail: AGEM.org@cox.net

3M Touch Systems, Inc

3M™ MicroTouch™ Capacitive TouchSense® System

3M Touch Systems provides the world-class touch solutions expected by its customers and the innovative technologies and products expected from 3M. The primary touch applications for MicroTouch-brand products are gaming/entertainment, point-of-sale (POS), point-of-information (POI), self-service kiosks, financial, handheld display devices and interactive digital signage.

The 3M™ MicroTouch™ Capacitive TouchSense® System is the next-generation touch interface for gaming machines that provides players with tactile-feedback to their on-screen selections. This hybrid 3M MicroTouch ClearTek II touch system extends today’s gaming standard for touch into tomorrow’s slot machines.

www.3m.com

AGEM Member Highlights

Electronic gaming units produced in 2007 by member companies in the electronics/manufacturing industry:

- More than 2,500: 47.9%
- 1,000 to 2,500: 4.3%
- 501 to 1,000: 0.0%
- 101 to 500: 4.3%
- 1 to 100: 0.0%
- 0: 43.5%
United States Slot Machine Growth By State

Percentage of member companies’ purchases during 2007 made from local vendors:

- More than 50%: 8.3%
- 26% to 50%: 20.8%
- 11% to 25%: 16.7%
- 1% to 10%: 41.7%
- 0%: 12.5%

Member companies’ federal tax payments as a share of revenues:

- More than 75%: 12.5%
- 50% to 75%: 0.0%
- 26% to 50%: 31.3%
- 11% to 25%: 12.4%
- 1% to 10%: 37.5%
- 0%: 6.3%
# United States Slot Machine Growth By State

**Projected Number of Machines – 2008 to 2012**

<table>
<thead>
<tr>
<th>State Name</th>
<th>Total</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>1,600</td>
<td>1.0%</td>
</tr>
<tr>
<td>Arizona</td>
<td>3,500</td>
<td>2.2%</td>
</tr>
<tr>
<td>California</td>
<td>10,490</td>
<td>6.7%</td>
</tr>
<tr>
<td>Colorado</td>
<td>700</td>
<td>0.4%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>2,150</td>
<td>1.4%</td>
</tr>
<tr>
<td>Delaware</td>
<td>1,800</td>
<td>1.2%</td>
</tr>
<tr>
<td>Florida</td>
<td>6,254</td>
<td>4.0%</td>
</tr>
<tr>
<td>Indiana</td>
<td>8,700</td>
<td>5.6%</td>
</tr>
<tr>
<td>Iowa</td>
<td>850</td>
<td>0.5%</td>
</tr>
<tr>
<td>Kansas</td>
<td>7,400</td>
<td>4.7%</td>
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<tr>
<td>Louisiana</td>
<td>1,950</td>
<td>1.3%</td>
</tr>
<tr>
<td>Maine</td>
<td>525</td>
<td>0.3%</td>
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<tr>
<td>Maryland</td>
<td>15,000</td>
<td>9.6%</td>
</tr>
<tr>
<td>Michigan</td>
<td>8,720</td>
<td>5.6%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>2,000</td>
<td>1.3%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>6,250</td>
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<tr>
<td>Missouri</td>
<td>3,000</td>
<td>1.9%</td>
</tr>
<tr>
<td>Nevada</td>
<td>14,375</td>
<td>9.2%</td>
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<tr>
<td>New Jersey</td>
<td>12,815</td>
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</tr>
<tr>
<td>New Mexico</td>
<td>1,200</td>
<td>0.8%</td>
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<tr>
<td>North Carolina</td>
<td>1,800</td>
<td>1.2%</td>
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<tr>
<td>Oklahoma</td>
<td>15,350</td>
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<tr>
<td>Oregon</td>
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<td>0.4%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>17,300</td>
<td>11.1%</td>
</tr>
<tr>
<td>Washington</td>
<td>7,800</td>
<td>5.0%</td>
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<tr>
<td>Wisconsin</td>
<td>3,130</td>
<td>2.0%</td>
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<tr>
<td>Wyoming</td>
<td>750</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>155,969</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: Deutsche Bank and Applied Analysis

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**Bally Technologies, Inc.**

**iVIEW™ Display Manager**

Bally Technologies, Inc. is a leading provider of state-of-the-art systems, products and services to the gaming industry, providing its customers with an exciting and one-of-a-kind gaming experience. A major force in the creative gaming entertainment field, Bally is an industry leader in the manufacture and distribution of casino gaming devices and computer systems. Corporate holdings also include the impressive Rainbow Casino in Vicksburg, Mississippi focusing on providing customers with a friendly atmosphere and the ultimate in high-value entertainment.

Bally Technologies’ CineReels™ seven-reel stepper platform and new iVIEW Display Manager (DM)™ were recently honored as two of the top 10 best new slot floor technology products of 2008 by Casino Enterprise Management Magazine (CEM).

[www.ballytech.com](http://www.ballytech.com)
United States Table Games
Growth By State

Projected Number of Tables – 2008 to 2012

<table>
<thead>
<tr>
<th>State Name</th>
<th>Total</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>130</td>
<td>3.8%</td>
</tr>
<tr>
<td>California</td>
<td>200</td>
<td>5.9%</td>
</tr>
<tr>
<td>Colorado</td>
<td>20</td>
<td>0.6%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>190</td>
<td>5.6%</td>
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<tr>
<td>Delaware</td>
<td>40</td>
<td>1.2%</td>
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<tr>
<td>Indiana</td>
<td>150</td>
<td>4.4%</td>
</tr>
<tr>
<td>Iowa</td>
<td>45</td>
<td>1.3%</td>
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<tr>
<td>Louisiana</td>
<td>50</td>
<td>1.5%</td>
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<tr>
<td>Michigan</td>
<td>285</td>
<td>8.4%</td>
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<tr>
<td>Minnesota</td>
<td>30</td>
<td>0.9%</td>
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<tr>
<td>Mississippi</td>
<td>155</td>
<td>4.5%</td>
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<tr>
<td>Missouri</td>
<td>60</td>
<td>1.8%</td>
</tr>
<tr>
<td>Nevada</td>
<td>616</td>
<td>18.1%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>701</td>
<td>20.6%</td>
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<tr>
<td>New Mexico</td>
<td>10</td>
<td>0.3%</td>
</tr>
<tr>
<td>New York</td>
<td>45</td>
<td>1.3%</td>
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<tr>
<td>Oklahoma</td>
<td>240</td>
<td>7.0%</td>
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<tr>
<td>Oregon</td>
<td>65</td>
<td>1.9%</td>
</tr>
<tr>
<td>Washington</td>
<td>235</td>
<td>6.9%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>132</td>
<td>3.9%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>8</td>
<td>0.2%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>3,407</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Deutsche Bank and Applied Analysis

Shuffle Master, Inc.
Leader in Market

Shuffle Master’s goal is to provide customers with the high quality table games they expect from an industry leader. The company takes pride in cutting-edge product lines and dedicate substantial resources to developing new and better ways to enhance the gaming experience.

With more than 27,000 automatic card shufflers, more than 5,600 proprietary table games and nearly 7,000 electronic table system seats in the market, Shuffle Master is proud of its role in the resurgence of table game popularity and will continue to promote responsible gaming.

Shuffle Master has more than 90 percent of the automated shuffler market and more than 90 percent of the proprietary table game market (based on revenue).

www.ShuffleMaster.com
Gary Platt Manufacturing

X-Tended Play chairs

Gary Platt Manufacturing (GPM) was founded on the concept that a high-quality, comfortable chair would increase a casino player’s “time on device.” Gary Platt pioneered specialized casino seating, and today is the premier manufacturer of performance chairs preferred by astute casino customers and casino management worldwide. Gary Platt incorporates the latest research when developing its chairs. Using ergonomics, the company has engineered an ergonomically correct chair that prevents strain on a player’s arms, back and neck.

X-Tended Play chairs are covered with a comfortable and exceedingly durable fabric. The GPM standard for fabric is 250,000 double rubs, far more than any other chair on the market. This deliberate fabric choice makes these chairs outstanding in even the toughest casino environments.

www.garyplatt.com

Community Participation and Philanthropy

Responsible Gaming

AGEM provides financial support to a number of responsible gaming organizations, including the National Council on Problem Gaming, the Nevada Council on Problem Gaming and the Problem Gambling Center. AGEM encourages its members to support the cause through their own companies.

AGEM also works closely with the American Gaming Association (AGA) and helps promote the AGA’s education and advocacy programs, which include responsible gaming programs.

Philanthropy

In addition to supporting responsible gaming and other industry-embraced initiatives, AGEM and its members have helped numerous charitable and non-profit organizations, including The Boys and Girls Club and United Way. In the aftermath of Hurricane Katrina in 2005, AGEM made a major donation to the Salvation Army and American Red Cross.

Education

AGEM has become active in supporting educational programs that promote gaming manufacturing as a career. In 2007, AGEM made a contribution supporting the College of Southern Nevada in Las Vegas, which offers an Associate of Applied Science degree in electronic engineering with a slot repair emphasis.
### Multimedia Games, Inc.

#### Multimedia Games Introduces Class III Slots

Multimedia Games innovations have pushed the gaming industry’s technology envelope. Giant strides made in casino management, back-office systems development, new gaming systems, game introductions, innovative communications, networked technologies and player tracking systems have helped position the company as a leader in the world of interactive gaming systems.

Multimedia Games in 2008 introduced its new Class III standalone slot machines featured the proprietary line of mGAME gaming cabinets including the wide body widescreen gaming experience in the Oklahoma Native American and Rhode Island lottery markets. Following a successful launch of the new Jambalaya Jackpot video slot in Oklahoma casinos this summer, the company stands “ready to play” for 2009 in new Class III jurisdictions with its lineup of innovative games.

[www.multimediagames.com](http://www.multimediagames.com)

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#### Percentage of members’ workforce considered to be highly-trained professionals:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 75%</td>
<td>16.7%</td>
</tr>
<tr>
<td>50% to 75%</td>
<td>25.0%</td>
</tr>
<tr>
<td>26% to 50%</td>
<td>16.7%</td>
</tr>
<tr>
<td>11% to 25%</td>
<td>29.2%</td>
</tr>
<tr>
<td>1% to 10%</td>
<td>8.3%</td>
</tr>
<tr>
<td>0%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

#### Percentage of industry employees covered by employer-sponsored retirement programs:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 75%</td>
<td>61.9%</td>
</tr>
<tr>
<td>50% to 75%</td>
<td>19.0%</td>
</tr>
<tr>
<td>25% to 50%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Less than 25%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

#### Percentage of industry employees covered by employer-sponsored health care plans:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 75%</td>
<td>86.4%</td>
</tr>
<tr>
<td>50% to 75%</td>
<td>9.1%</td>
</tr>
<tr>
<td>25% to 50%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Less than 25%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
Transact Technologies

Epic 950® Thermal Slot Machine Ticket Printer

TransAct Technologies Incorporated is the leader in developing and manufacturing market-specific printers for transaction-based industries. Industries include gaming, lottery, POS, kiosk and banking. Each individual market has distinct, critical requirements for printing and the transaction is not complete until the receipt and/or ticket is produced. TransAct printers are designed from the ground up based on market-specific requirements and are sold under the Ithaca® and Epic product brands. Server based gaming, ticket-in ticket-out and cashless casino slot machine printer server-based gaming is all about making real-time connections with players, with patented dual-port technology, ServerPort™, the Epic 950 has the ability to simultaneously connect to the game and the casino server.

www.transact-tech.com

United States Gaming Referendums

Recent gaming referendums from around the United States with the potential to impact gaming equipment manufacturers came to a vote on this year’s ballots:

Arkansas
Amendment 3, known as the State Lottery Initiative, was approved by voters creating a State Constitutional Amendment to permit a state lottery. Until this approval, Arkansas was one of eight states that did not have a state lottery.

California
Californians approved 4 veto referendums, known as the California Tribal Gaming Compacts, on February 5, 2008. Propositions 94, 95, 96, and 97 passed giving the Pechanga Band of Luiseno Mission Indians, Morongo Band of Mission Indians, Sycuan Band of the Kumeyaay Nation, and the Agua Caliente Band of Cahuilla Indians, respectively, the ability to install an additional 17,000 slot machines. In exchange for this expansion, the propositions require that these Native American tribes pay an additional 15-percent to 25-percent of net revenues on added slot machines. Additionally, these four Native American tribes will pay a substantially larger annual payment to California’s General Fund. The change to these compacts will last for 23 years.

Percentage of member companies’ share of sales attributable to sales in the State of Nevada:

<table>
<thead>
<tr>
<th>Percentage of Share</th>
<th>Share of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 50%</td>
<td>13.7%</td>
</tr>
<tr>
<td>26% to 50%</td>
<td>22.7%</td>
</tr>
<tr>
<td>11% to 25%</td>
<td>22.7%</td>
</tr>
<tr>
<td>1% to 10%</td>
<td>27.3%</td>
</tr>
<tr>
<td>0%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>
Colorado
Voters approved Initiative 121 known as the “Limited Gaming Initiative” modifying Amendment 50, which permits limited gaming in the towns of Central City, Black Hawk and Cripple Creek. The initiative increases the single bet limit to $100 from $5, adds roulette and craps and extends gaming operations to 24 hours.

Maine
Voters defeated a measure to initiate a state statute that would authorize Evergreen Mountain Enterprises to operate a casino in Oxford County. The measure would have also prohibited any additional gaming facilities to be built in the state for at least 10 years.

Elite Casino Products, Inc.

New Product Development

Elite Casino Products (ECP) works with large and small game designers and manufacturers throughout the gaming industry providing everything from engineering and assembly services to finished products, such as bases and cabinets. Additionally, ECP’s talented engineering staff regularly produces specialty top boxes for some of the most well-known and respected gaming manufacturers in the nation.

Elite Casino Products will be unveiling several exciting new 2008 product designs in the near future. New products include three unique cabinet designs, as well as several top box, marquee and base designs. Look for these and other great new products from Elite Casino Products:

- Millennium Widescreen Slot Cabinet (22” LCD)
- Millennium Reel Slot Cabinet (available in 3, 4, or 5 reel configurations), and
- the Millennium Velocity Slot Cabinet (26” LCD).

www.ecp-usa.com
IDX Incorporated

Craps Table Display

In 1994, IDX formally ventured into the casino gaming market by meeting with major OEMs and casinos to determine the specific requirements for coin acceptors and tokens for their industry. In 2005, IDX developed its RFID based Wickets technology as an alternate non-contact payment system for use in the casino, carwash and laundry markets.

Craps Table Display with payout pertaining to number of rolls a player throws during his time with the dice. The model CTD-711 Craps Table Display provides craps players with a detailed view of the dice roll history, including the last 28 numbers rolled, the current point, prior points, change in shooter and winning rolls. Displaying chronological play history actually attracts more players to the table, a good thing for table revenue. Potential new plays standing in the aisle cannot see what is happening on a busy table, but with this display they will be able to follow and learn the game.

www.idxinc.com

Maryland

Voters supported Question 2 on Maryland’s ballot creating a new amendment to the State Constitution legalizing 15,000 slot machines on five sites throughout the state.

Missouri

Voters approved Proposition A, known as the Gambling Loss Limits Initiative, removing the State’s $500 buy-in limit that prohibited a casino patron from buying more than $500 in chips during a two-hour period. The measure also prohibits any future loss limits, increases the gaming tax by 1 percent to 21 percent, and restricts the development of any additional casinos that are not already built or under construction.

Ohio

Voters did not approve Issue 6 on the ballot, which would have approved the building of a single privately owned casino off Interstate 71 in Clinton County outside Cincinnati. This would have been the first casino in Ohio with up to 5,000 slot machines and 120 table games. Ohio voters have defeated three previous measures to authorize casinos since 1990.

Share of member companies’ revenues sourced to gaming operations in 2007:

- More than 75%: 12.0%
- 50% to 75%: 28.0%
- 26% to 50%: 12.0%
- 11% to 25%: 4.0%
- 1% to 10%: 12.0%
- 0%: 32.0%
AGEM is an international trade association representing manufacturers and suppliers of electronic gaming devices, systems, table games, key components and support products and services for the gaming industry. AGEM works to further the interests of gaming equipment suppliers throughout the world. Through political action, trade show partnerships, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization. Together, AGEM has assisted regulatory commissions and participated in the legislative process to solve problems and create a business environment where AGEM members can prosper while providing a strong level of support to education and responsible gaming initiatives.

www.AGEM.org