

October 09, 2003

***NIGC names Reel Time Bingo a non-conforming game.***

Philip N. Hogen, Chairman of the National Indian Gaming Commission (“NIGC”), has disclosed that Multimedia Games, Inc.’s (NASDAQ: MGAM, \$38.30) existing Reel Time Bingo games do not meet the NIGC’s Class II requirements and can not be played on Indian land unless modified or pursuant a compact. Multimedia has not modified its existing games. A compact would allow Class III play and therefore eliminate or reduce the need for less profitable Class II games.

Multimedia has not acknowledged that its existing games fail to comply with Class II requirements and must be converted or removed. On the contrary, Multimedia has claimed that its tribal customers have determined that its existing games are Class II and that they had not requested that the games be converted or removed. The NIGC Chairman’s disclosures, along with his October 5th advisory to Multimedia’s largest customers, unequivocally eliminate Multimedia’s ability to obfuscate this issue. Multimedia’s customers must cease play of the games that generate the vast majority of its earnings. Multimedia must rely on an economically unproven version of Reel Time Bingo, which compares unfavorably with the currently placed games.

Tribes can no longer simply label illegitimate games as Class II and place them into service. The tribes must have verifiable technical data and/or reports from independent laboratories to support their compliance with the NIGC’s Class II requirements. In fact, under its existing agreement with the U.S. Department of Justice and the NIGC, Multimedia is prohibited from modifying the approved Class II version of its game without first providing the NIGC with a written description, video tape, lab report and demonstration of the modifications and then wait 90 days. Its competitors have no such obligation.

Wall Street analysts are claiming that the recent NIGC Class II rulings greatly expanded Multimedia’s earnings potential. We firmly believe the exact opposite. We believe that Multimedia’s earnings are dependent on old loopholes in emerging Class II regulation. The recent NIGC rulings closed those loopholes and did not add to the size of the market. The rulings only added competition and cancelled Multimedia’s illegitimate advantage in the Class II market. We see no other possible outcome for Multimedia than materially lower margins and lower revenues. In fact, with Multimedia charging the tribes over 30% of the hold or net win on average, we easily see a 40% reduction in Multimedia’s gross margins on lower revenues.

Asensio & Company, Inc. covers Multimedia Games, Inc. and maintains a Strong Sell and Short Sell opinion. A summary of the basis of our opinion is found in our October 2, 2003 report published on [www.asensio.com](http://www.asensio.com).

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