

February 24, 2004

NIGC statement rebuts Prudential's MGAM report.

On February 12, 2004 Prudential Equity Group, LLC issued a report on Multimedia Games, Inc. (NASDAQ: MGAM, \$40.01) titled, "Contrary to Popular Belief." The Prudential report states that there is a "grave misperception" about whether the U.S. Supreme Court will hear two appeals filed by the Department of Justice ("DOJ"). The Supreme Court can decide if it will hear the DOJ appeals as soon as February 27, 2004. Prudential states that "a decision by [the] Supreme Court to hear the DOJ's appeal(s) could result in a massive recurring EPS winfall for MGAM" of \$0.75 to \$1.10. Prudential states that if the Supreme Court accepts the appeals it "will almost immediately trigger enforcement-removal-and-replacement of the approx. 8,500 illegal gaming devices posing as class 2 product in OK." Prudential bases its statement on its stated belief that the NIGC "wouldn't want the DOJ to stand before Supreme Court and announce that it is not regulating." These strong and material opinion statements are wrong. In fact, for us their absurdity only adds to our concerns about Prudential's intended purpose for making the statement.

The NIGC's willingness and capacity to enforce the regulations outlined in the Indian Gaming Regulatory Act is not an issue in the DOJ's pending Supreme Court appeals. According to the NIGC, neither the existence of the DOJ petitions for appeal nor the Supreme Court's decision whether to hear the appeals will have an effect on the NIGC's enforcement actions. The NIGC has decided to give tribes in Oklahoma time to remove and replace gaming devices that do not conform to the NIGC's definition of a Class II game. The NIGC has not taken the position that all games in play must be backed by a Class II advisory opinion. According to its spokesman, the NIGC is satisfied by the efforts made by most Oklahoma tribes to replace blatantly illegal gaming devices with those that are compliant with the NIGC's Class II definition.

In any case the report states nothing about the brand-new competition from Alliance Gaming Corporation (NYSE: AGI, \$23.95) and International Game Technology (NYSE: IGT, \$37.47) or that the State-Tribal Gaming Act passed by the Oklahoma Senate (and awaiting a House vote) is specifically designed to increase competition. Indian tribes in Oklahoma account for 75% of Multimedia's net 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.

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