

February 26, 2004

Oklahoma legislature ends MGAM's monopoly.

As Multimedia Games, Inc. (NASDAQ: MGAM, \$40.34) itself has been forced to disclose in its form 10-Q for the quarter ended December 31, 2003 in Management's Discussion and Analysis, "if the rules and regulations governing Class II gaming are clarified . . . we believe new competitors with significant gaming experience and financial resources will enter the Class II market." Multimedia states, "we believe that the level of net revenue retained by our customers . . . will become a more significant competitive factor, one that may require us to change the terms of our participation arrangements with customers." This warning by Multimedia was materialized further today by the passage in Oklahoma of Senate Bill 553 titled "State-Tribal Gaming Act" ("SB553").

Today the Oklahoma House of Representatives voted to pass SB553. The Senate passed the same version of SB553 on February 18, 2004. Governor Brad Henry stated his support for SB553 during his press conference after the House passed the bill. According Representative Larry Adair's office SB553 will be delivered to Gov. Henry next week to be signed into law. Once signed into law, SB553 will become effective 90 days after the Oklahoma legislature adjourns in May 2004.

For the quarter ended December 31, 2003 Indian tribes in Oklahoma accounted for 75% of Multimedia's net revenues. Two Oklahoma tribes accounted for a total 48% of Multimedia's net gaming 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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