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Prudential backtracks on MGAM.

Last Friday Prudential Equity Group, LLC issued a report on Multimedia Games, Inc. (NASDAQ: MGAM, \$42.00) telling investors that the State-Tribal Gaming Act that had passed Oklahoma's House of Representatives the day before "could be a net positive." This is quite different than its earlier position. In fact, just 15 days earlier Prudential had told investors that "compacts in Oklahoma appear highly uncertain on this the 9th attempt" and that "the proposed compacts will have an extremely difficult time getting House passage." These statements were made in response to investor concern about the creation of menacing new competition. Previously, Multimedia had no authentic competition in Oklahoma.

Since late September 2003 after the National Indian Gaming Commission issued two Class II Advisory Opinions, the market for Multimedia's stock has been heavily impacted by a number of highly promotional and questionable sell side reports. Here are just two of the more questionable blurbs by Multimedia's stock promoters. On October 10, 2003 Prudential issued a research report stating that "the recent NIGC Class II advisory opinion on MGAM's RTB (Reel Time Bingo) product will prompt the replacement of 7,500 - 8,000 'illegal' gaming devices in Oklahoma beginning in the next few weeks." The report claimed that MGAM would reap a windfall. This did not occur. On October 10, 2003 the Seidler Companies published a calculation of Multimedia's potential annual gross earnings at Casino San Pablo of up to \$21.9 million. This also failed to materialize. On the contrary, Multimedia has not sold or provided a single game to Casino San Pablo.

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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