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Multimedia Games Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. [Operator instructions] We'll take our first question from Ryan Worst from Brean Murray.

Ryan Worst - Brean Murray

Thanks, good morning, guys. Just, Clifton, can you talk about the outlook for converting the rest of the game base or as much as you're planning on converting in Oklahoma? It seems like there's about 2,000 Class II and over-compacted games still in the market.

Clifton Lind

Certainly, Ryan, that is correct and we intend throughout FY '08 to move ahead smartly and systematically changing out the majority of those remaining units. We still have some location where our Class II games are earning as much as any of the Class III games that we offer. So our urgency to switch those out in the short-term is somewhat relieved. In other casinos we're going to move ahead smartly and use a large number of our own new proprietary themes as well as third-party themes to complete the transition.

This week we're scheduled to be a very large week for conversions for us, but as you know Oklahoma is in the midst of a significant ice storm right now. All of those have been delayed. The closer we get to the Christmas holidays the harder it is to schedule time to do conversions. We may have put off a number of scheduled conversions until the first week in January because of this weather.

In any event, we're going to move ahead smartly and think about the end of FY '08. All of the units in Oklahoma that we intend to convert from Class II will be converted.

Ryan Worst - Brean Murray

Okay, and then could you talk about the plans of your partner in Mexico as far as openings?

Clifton Lind

I think that they've gotten into a rhythm. We're about 10 sites a year from our largest customer is what they're publicly discussing that they can easily achieve. What we have learned is that even though there may be more than that on the schedule that that is what they can accomplish. We intend to support whatever they do. I think that's a reasonable number to assume that they will proceed at for the immediate future.

Ryan Worst - Brean Murray

There hasn't been a change in their aggressiveness since the tax rate increase?

Clifton Lind

No, no change whatsoever. As you know we talk to them on a daily basis and they remain committed and the only changes have to do with the construction schedule. As you know we have a long list of planned openings that go beyond our FY '08 period.

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