

May 13, 2003

ARUZE CORP. Announces Its New Medium-Term Management Plan

ARUZE CORP. (Representative Director and President: Kazuo Okada; JASDAQ trading code: 6425) today announced that its Board of Directors met on May 13, 2003 to approve the new Medium-Term Management Plan (for three years from the year ending March 31, 2004 to the year ending March 31, 2006) for the company in the following manner:

1. Basic Management Policy

Japan's economy remains depressed as the relocation of manufacturing facilities overseas to take advantage of lower labor costs in China and elsewhere is gathering further momentum, while the domestic unemployment rate increases and ever lower import prices show more pronounced signs of deflation. The future seems to be even more uncertain as international relations are marred with regional conflicts and terrorist activities, and the global decline of stock prices keeps the hopes for early revival of the economy barely alive.

In the gaming industry, the gradual decline in the number of gaming parlors is continuing, while the survivors are showing signs of engaging in a steady process of bipolarization. The larger establishments owned and operated by large companies that control well-developed chains of parlors supported by abundant cash flows and large floor spaces are aggressively proceeding with capital investment in the form of the more attractive model-mix of game machines to attract larger numbers of patrons. Such larger parlors can select popular models from the wide variety available in the market, and can afford to buy them, which leads to improved return on their investment. The larger parlors are, simultaneously, adopting measures for systematization of the operations of the parlors and workforce reduction, which also contribute to the further improvement of profitability. The smaller parlors that cannot take advantage of such measures are generally suffering.

In such a business environment, ARUZE has continued to improve its organized product development system over the past three years, in order to more quickly identify and develop better products reflecting the demands of the patrons. That meant ARUZE had to discard the product development system where things solely depended upon the ability and talent of a single individual genius/enthusiast, and adopted instead the multi-organized product development systems that respectively devoted themselves to the analysis and creation of specific aspects of an attractive product assigned to each of such groups leading to higher specialization and sophistication. The results of such exercises were then used as the basic data for the development of a new product. Such systematization enabled the accumulation and efficient retrieval and re-use of product development know-how, which contributed to the improvement of the product development capability at ARUZE. With the growth of such a product development system, ARUZE and its group companies will shortly launch full-scale product development activities, newly covering gaming equipment for overseas casinos and their peripheral devices. Also in order to access the entertainment equipment market, ARUZE has joined the development project of the unprecedented magnitude and high-quality hotel and casino, Le Reve, in Las Vegas, Nevada, U.S.A., with Mr. Steven A. Wynn, the renowned resort developer. The construction is proceeding steadily towards the grand opening slated for April 2005. ARUZE is committed to the task to provide the best to

our patrons both inside and outside Japan, with the basic target of contributing to the creation of “a Society with Dreams” as the global provider of comprehensive entertainment.

2. Specific Targets of the Medium-Term Management Plan

ARUZE Group shall, in this Medium-Term Management Plan, make “Sales” and “Percentage of Ordinary Profit over Sales” (“POPS”) the two specific targets to pursue toward realizing continuous improvement of its earning power. We believe that, by achieving these targets, we can maintain the payment of dividends to our shareholders on a stable basis.

Consolidated Basis	Minimum 250 Billion Yen Annual Sales and Minimum 35% of POPS by End of Fiscal Year Ending on March 31, 2006
Non-Consolidated Basis	Minimum 230 Billion Yen Annual Sales and Minimum 40% of POPS by End of Fiscal Year Ending on March 31, 2006

3. Outline of the Medium-Term Management Plan

1) Consolidated Medium-Term Management Plan

(Unit: 100 Million Yen)

	Year ending March 31, 2004	Year ending March 31, 2005	Year ending March 31, 2006
Sales	1,869	2,195	2,590
Pachislot, pachicom & pachinko business	1,533	1,834	2,216
Amusement facility operation business	194	198	202
Gaming machine business	58	60	63
Other business	84	103	109
Ordinary profit	569	747	955
Net income	279	360	467

2) Non-Consolidated Medium-Term Management Plan

(Unit: 100 Million Yen)

	Year ending March 31, 2004	Year ending March 31, 2005	Year ending March 31, 2006
Sales	1,605	1,924	2,318
Pachislot, pachicom & pachinko business	1,522	1,828	2,212
Gaming machine business	49	51	54
Other business	34	45	52
Ordinary profit	559	722	927
Net income	287	367	476

4. Major Challenges and Probable Remedies

1) Enhancement of Planning and Development Capabilities

We see that the organized product development systems we introduced to enhance product creation and development capabilities have now started their respective functions in good order and total efficiency is improving steadily. We will keep this arrangement, make use of separate groups to identify and analyze different factors affecting patrons' responses to our new products, develop products more suitable for the market and accumulate pertinent know-how for all phases of such arrangements. Such organized product planning and development systems will be continuously promoted and strengthened from here on.

One of the new technologies ARUZE is in the process of developing is "Human Interface," the system that enables human-computer dialogue. The technology is now being tested on ARUZE's Website, in a navigation program showing visitors around to various activity sites. ARUZE will continue its efforts to plan and develop new products using the latest technologies and expand the line-up of our merchandise.

2) Strengthened Sales Capabilities

Since the early part of last year, all members of ARUZE's sales force have been carrying mobile terminals to report marketing intelligence, enable staff instruction and schedule control. The Sales Department analyzes the reports and the intelligence and the strategies developed from these reports are fed back to the staff to provide them with more objective and effective guidance for their sales activities along with the activities described above. The functionalities of the mobile terminals are continually improved, as will the capabilities of ARUZE's sales team.

ARUZE has strived to train its sales force to win the trust of customers, and this will be further improved. We will diversify our training programs to improve sales capabilities through role-playing and other measures to make them more sensitive to customers' needs and be able to provide relevant support and assistance to them for their further satisfaction and increased sales of our products.

3) Improved Manufacturing Practices and Cost Saving

During the previous year, ARUZE renovated its purchasing system by introducing integrated purchasing to reduce excess inventory of materials and purchase prices. During the coming year we plan to pursue major reductions in costs and expenses by improving the capabilities, skills, and productivity of the staff in the manufacturing sector, and shifting the production of component units to overseas sub-contractors.

In addition, we will focus our efforts on lowering the current production costs by more than 40% through the sub-assembling of parts and components into larger units, by the standardization of hoppers, reels and power source units among the different models, thereby reducing the sale-to-manufacturing cost ratio from the present 50% to 30%. Also in order to cut costs as well as environmental pollution, we will introduce "IC tags" to expand the re-use of parts and components.

We will keep striving for these cost-cutting efforts to share the benefit of lower product prices with customers.

4) Overseas Strategies

With the expansion of planning and development capabilities, we will commence the full-scale marketing and supply of our gaming machines and their peripherals to overseas casino markets from this fiscal year for further

expansion of our business activities in this area.

The construction and development of “Le Reve,” the new Hotel and Casino Resort in Las Vegas, Nevada, U.S.A., which the ARUZE Group is pursuing with Mr. Steven Wynn, is showing healthy progress. It is our intention for us to gather and absorb know-how of the casino business that will be useful in the promotion of our entertainment facilities business. ARUZE will investigate and identify likely sites either inside or outside Japan to develop entertainment facilities at these locations.

5) Implementation of Total Management System (SISP5)

The implementation of ARUZE’s Total Management System - SISP5 – “Spiral Information System for Practical Use” – is steadily advancing for increasing the efficiency of tasks to be performed and reducing the costs and expenses. In the current fiscal year, we have substantially completed the development of the system to monitor, record, analyze, strategize and instruct from a single control center all manufacturing activities from receiving the order from a customer to the dispatch of the merchandise including but not limited to materials purchase, production and shipment of the product. Heretofore, we have substantially completed the Attendance Control System, Task Control System, and Information Dissemination Control System. We will further pursue the completion of SISP5 with the view to fully develop it as a total management system with additional functions such as internal auditing, instruction dissemination and personnel evaluation.

6) Patent Promotion Strategy

Led by the patent application for the “Humanics Series” type pachislot base machine, which has been improved from the “Mantis” type base machine that was the first in sporting the 15-inch transparent LCD screen in front of the revolving reels, ARUZE has been striving to file more than 1,000 patent applications per fiscal year. This was attained in the previous year, in which 1,082 applications, mainly for pachislot and pachinko machines, were filed.

For the current fiscal year, we aim at 1,200 new filings through the adoption of digitized patent filing as well as measures to more efficiently gather new patentable ideas from the employees.

7) Better Compliance

In view of the fact that many of the litigations and disputes involving ARUZE had their roots in the lack of adequate understanding of the policy of the management, we have improved upon the system for the determination of the management policy and dissemination thereof. More specifically, the employees are now to be additionally evaluated for their performance on the merit of their “Reporting, Communication and Consultation.” This will make the employees accountable for the correctness of the information upon which they are acting, thus reducing misunderstanding and ensuing problems. Also by linking the Task Control system with the Information Dissemination System in SISP5, individual employees will be able to follow the intentions of the management and ensure better compliance with the ethical standards targeted by the management. We also intend to increase our corporate legal defense capabilities by upgrading our internal legal counsel group to forestall the occurrence of litigations or disputes over business dealings, along with improved internal systems and rules.

8) As a Good Corporate Citizen

We, the stakeholders – shareholders, employees, business associates, customers, clients and patrons – at ARUZE Group of companies, will continue our business activities following the basic principles noted hereunder and abide by the norms of socially accepted good conduct.

1. We will develop and supply goods and services, which are useful to members of society, with sufficient consideration regarding their safety while winning the confidence of the consumers and users.
2. We will conduct our business in competition with our rival entrepreneurs in a fair, open and free manner. We will also maintain healthy and normal relationships with government authorities.
3. We will stay in constant communication not only with our shareholders but also with society at large, and disclose the information of our organization in a positive and fair manner.
4. We recognize that the existence and the activities of a business enterprise are inseparable from the fair dealing with environmental issues, and ARUZE will take the initiative and positively respond to these issues.
5. ARUZE will, as a “good corporate citizens, make contributions to society in a positive manner.”
6. We will share prosperity with our employees, ensure a safe and comfortable working environment in the efficient performance of their duties, and pay the highest regard to their individual characters and personalities.
7. We will never yield to anti-social influences or groups that pose any threat to the order or safety of society and its citizens.
8. When operating overseas, we will conduct our business in observance of the culture and practices of the host, in the manner of positively contributing to the development to the local society.

Note: This Medium-Term Management Plan was prepared relying upon the currently available information and data. However, the actual performance of the corporation may significantly deviate from that which was projected depending upon various factors.