



May 24, 2006

Company Name: Aruze Corp.

Name and Title of Representative: Kazuo Okada, Chairman,  
President and Representative Director

(Registered Share Name Code Number: 6425)

Contact: Yoshito Hori, Director

Telephone Number: 03-5530-3055 (switchboard)

### **Announcement of separation of business and conversion to a holding company**

Aruze Corporation hereby announces that we resolved at today's meeting of the Board of Directors, to shift to an operative holding company through business separation, and we will put this matter on the agenda for the 33<sup>rd</sup> General Shareholders Meeting scheduled on June 29.

#### **1. Purpose of conversion to operative holding company**

The existing Aruze Corporation ("The Company" below) will be separated and be succeeded by Aruze Preparatory Corporation ("The Successor" below), which is 100% subsidiary of The Company. The Company's main businesses of Pachinko & Pachislot will become an independent operative entity (The trade name of Aruze Preparatory Corporation will be changed to Aruze Corporation, following the separation.).

With this separation, we will be able to conduct quick and decisive business operations with clear responsibility and jurisdiction.

Additionally, The Company will be shifted to an operative holding company with the name of Aruze Holdings Corporation (provisional trade name) on the effective date of the separation. This will allow us to further specialize operations, such as R & D, patent control, Investment control, group finance, property management, amusement & gaming machine (except for Pachinko & Pachislot) businesses and so on.

Based on the new business structure described above, our business management will be more sound and transparent, and will incorporate stronger corporate governance.

## 2. Summary of company separation

### (1) Schedule of separation

May 24, 2006: Board of Directors approves contract of separation  
Enters contract of separation

June 29, 2006 (Scheduled):

Shareholders Meeting approves contract of separation  
(33<sup>rd</sup> General shareholders meeting)

October 1, 2006 (Scheduled):

Effective date of company separation

### (2) Method of separation

The Company will be separated and succeeded by Aruze Preparatory Corporation, a 100% subsidiary of The Company. (Physical Separation into Subsidiaries)

Establishing Aruze Preparatory Corporation, we will be able to initiate the smooth business operations immediately from the effective date of separation, as it is possible for us to start preparing the necessary business framework and clearances now.

### (3) Allotment of shares

Aruze Preparatory Corp., The Successor, will issue 98,000 of ordinary shares to Aruze Holdings Corp.

### (4) Capital decrement, stock cancellation, payment of separation subsidies

None of them will be occurred by the separation

### (5) Rights and duties to be taken over by The Successor

The Successor will take over the rights and duties in relation to our Pachinko and Pachislot businesses, including assets, liabilities and contracts. However, those specified in the contract of separation will be excluded.

Debt shall be incurred concurrently.

### (6) Prospect to clear debt

The Company and Aruze Preparatory Corp., even after the separation, have adequate assets to collateralize debts to be incurred. It is certain that The Company and the Successor will be able to repay the debts to be incurred.

(7) Executive officers to be appointed to Successor

No officers are scheduled to be appointed following the separation.

3. Outline of companies concerned in the separation (as of May 18, 2006)

	Existing Aruze Corporation (The Company)	Aruze Preparatory Corporation (The Successor)
1. Trade name	Aruze Corporation *	Aruze Preparatory Corporation **
2. Contents of main business	<ul style="list-style-type: none"> <li>● Development, production, distribution, lease and import / export of Pachinko &amp; Pachislot machines</li> <li>● Development, production and distribution of arcade amusement machines</li> <li>● Development, production and distribution of the gaming devices for overseas casinos</li> </ul>	<ul style="list-style-type: none"> <li>● Development, production, distribution and lease of Pachinko &amp; Pachislot machines</li> <li>● Administrative operations relating to the succession of The company's Pachinko &amp; Pachislot business</li> </ul>
3. Date of establishment	June 1973	May 2006
4. Company address	3-1-25 Ariake, Koto-ku, Tokyo, Japan	Same as left
5. Representative	Kazuo Okada (Representative Director)	Jun Fujimoto (Representative Director)
6. Capital	¥ 3,446,000,000- ***	¥ 100,000,000-
7. Number of outstanding shares	80,195,000 shares ***	2,000 shares
8. Equity capital	¥ 118,560,000,000- ***	¥ 100,000,000-
9. Total capital	¥ 173,286,000,000- ***	¥ 100,000,000-
10. Fiscal year end	March 31	March 31
11. Number of employees	945 ***	0
12. Key accounts	Pachinko / Pachislot parlors in Japan	-----
13. Major shareholders and holding ratios	Kazuo Okada: 41.09% Tomohiro Okada: 30.11% Hiromi Okada: 6.64%	Existing Aruze Corporation (The Company) 100.0%
14. Associated banks	Bank of Tokyo-Mitsubishi UFJ, SUMITOMO MITSUI BANKING CORP., etc.	-----
15. Relationship of companies concerned	The Successor is a wholly-owned subsidiary of The Company. Some of the Board directors and Executive officers of The Company serve as the officers of The Successor at the same time.	

16. Business results for past 3 fiscal years (Unit = Million yen)

1) Existing Aruze Corporation (The company)	Unconsolidated			Consolidated		
	Fiscal year end	March 2004	March 2005	March 2006	March 2004	March 2005
Sales revenue	79,491	49,526	29,165	101,077	72,458	48,506
Operating profit	8,189	3,354	△ 5,613	10,065	5,467	△ 5,310
Pretax profit	9,738	3,313	△ 5,805	8,399	2,083	△ 8,578
Net profit	1,723	△ 7,019	△ 13,891	156	1,022	△ 12,713
Net profit per share (Yen)	21.56	△ 87.85	△ 173.86	1.96	12.79	△ 159.11
Dividend per share (Yen)	30	30	20	---	---	---
Stockholder's equity per share (Yen)	1,805.30	1,687.43	1,483.81	1,480.45	1,468.75	1,351.89

**2) Aruze Preparatory Corporation (The Successor)**  
 Since Aruze Preparatory Corporation, The Successor, was established on May 12, 2006 to succeed the Pachinko & Pachislot businesses of The Company. The Successor has not started its operations as of today, the business results are not shown above.

\* The trade name will be changed to "Aruze Holdings Corporation" (provisional trade name) on October 1, 2006.

\*\* The trade name will be changed to "Aruze Corporation" on October 1, 2006.

\*\*\* As of March 31, 2006

**4. Business of sections to be separated**

(1) Nature of business

Pachinko & Pachislot businesses

(2) Results for Pachinko & Pachislot businesses (as of March 31, 2006)

(Unit = Million yen)

	Pachinko & pachislot businesses (a)	Company's business results (March 2006) (b)	Ratio (a / b)
Sales revenue	25,480	29,165	87.4 %
Gross sales profit	12,405	13,643	90.9 %
Operating profit	3,853	-5,613	---
Pretax profit	3,853	-5,805	---

(3) Assets & liabilities to be assigned (As of March 31, 2006) Unit = Million yen

Assets		Liabilities	
Items	Values on the balance sheet	Items	Values on the balance sheet
Current assets	42,800	Current liabilities	33,300
Non-current assets	8,500	Non-current liabilities	11,200
Total assets	51,300	Total liabilities	44,500

The actual values of assets & liabilities to be assigned will be adjusted after the calculation of increment / decrement of the above amounts by the effective date of separation.

## 5. Terms and conditions after separation

(1) Terms and conditions of The Company after separation

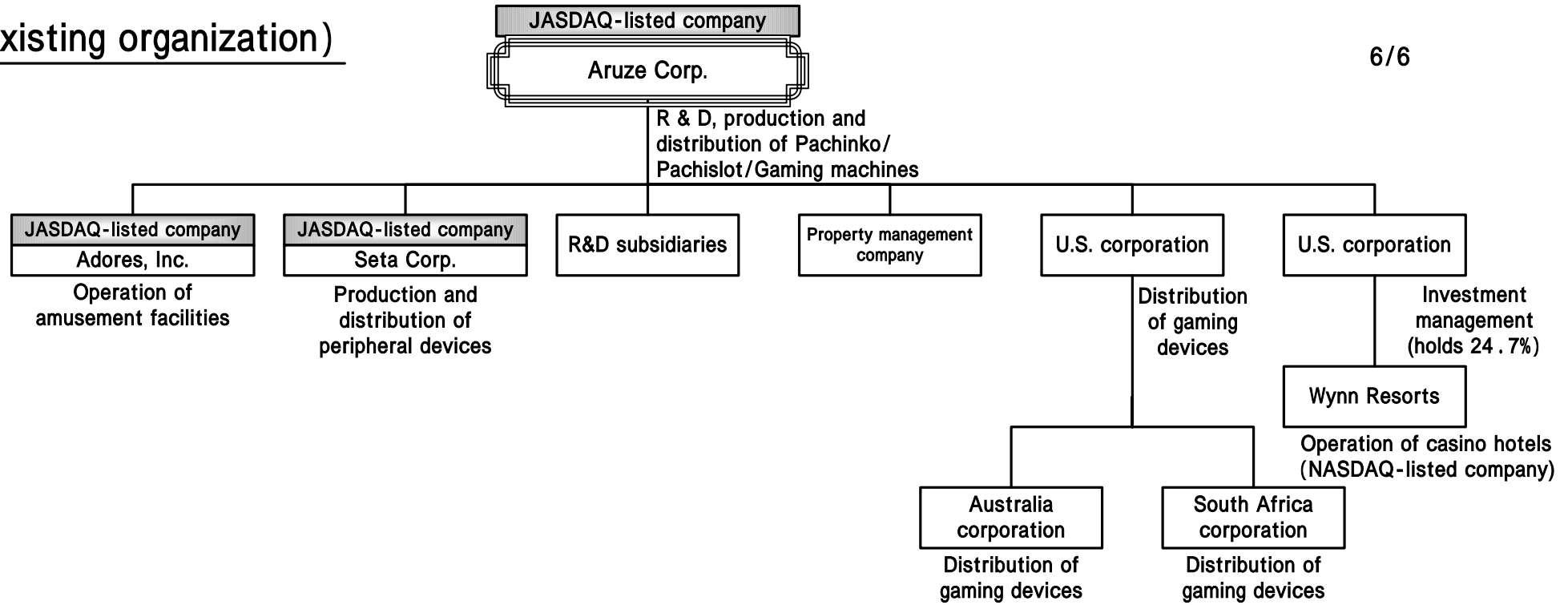
1. Trade name	Aruze Holdings Corporation (provisional trade name)	
2. Nature of business	An operative holding company	
3. Date of establishment	June 1973	
4. Address	3-1-25 Ariake, Koto-ku, Tokyo, Japan	
5. Representative	Kazuo Okada (Representative Director)	
6. Capital	No capital increase through company separation	
7. Total asset	A decreased amount of total asset will be succeeded by The Successor	
8. Fiscal year end	March 31	
9. Impact on earnings	See below	
Forecast of non-consolidated business results following separation		
Undetermined		
Forecast of consolidated business results following separation		
	March 2007	March 2008
Consolidated sales revenue	88,100,000,000	Undetermined
Consolidated pretax profit	8,800,000,000	
Consolidated net profit	4,600,000,000	

Note: The above figures indicate consolidated values only.

We cannot properly forecast non-consolidated results for the fiscal year ending Mar. 31, 2007, and refrain from disclosing such a forecast.

End of report

(Existing organization)



(After separation)

