



August 24, 2006

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**Revision of Transition Method to Operative Holding Company Framework
(Suspension of Company Separation of Pachislot/Pachinko Businesses and
Separation of Sales Department Under Those Businesses)**

On May 24, 2006, ARUZE CORP. ("ARUZE" below) resolved at a Meeting of the Board of Directors to proceed with a company separation of its Pachislot and Pachinko businesses upon ARUZE's transition to an operative holdings company framework. A relevant agreement, "Absorption-Based Separation Agreement," was concluded on the same day. Subsequently, this agreement was approved at the 33rd General Meeting of Shareholders held on June 29, 2006.

However, at a Meeting of the Board of Directors held today, it was resolved that for reasons explained in the "Reason for Revision" below, a company separation of ARUZE's Pachislot and Pachinko businesses will not be performed, and that only the sales department of those two businesses will be separated following the formation of an appropriate new business scheme.

This suspension of the aforementioned company separation is based on regulations stipulated in Article 10 ("Change or Cancellation of Agreement") of the "Absorption-Based Separation Agreement". An Extraordinary Meeting of Shareholders will not be held with regards to this suspension.

1. Reason for Suspending Company Separation

ARUZE deemed that following the formation of a relevant new business scheme, the separation of the sales department of its Pachislot and Pachinko businesses and withholding from performing a company separation of those two businesses upon the planned transition to an operative holding company would be the most proper way to heighten the efficacy of achieving the company's original goals. These goals are "to clarify the responsibility and jurisdiction maintained by each business" and "to improve management transparency" and "strengthen corporate governance" for the ARUZE group as a whole.

2. Reason for Revision

The ARUZE group is currently endeavoring to expand the nature of its business activities as a global company around three primary areas of business: (1) Domestic Pachislot and Pachinko businesses (2) Gaming machine business in overseas casino markets (3) Casino hotel business through interests in Wynn Resorts, Limited.

In line with a resolution made at the Meeting of the Board of Directors held on May 24, 2006, plans originally called for the business departments of Pachislot and Pachinko to be succeeded by an independent operative company upon the company separation to take place on October 1 of this year. This was to provide for a framework allowing for the flexible execution of operations pertinent to those two areas of business. ARUZE itself, in addition to achieving functional specialization in the areas of "R&D and patent management," "investment management," "group finance" and "property management," would then make the transition to a operative holding company collectively responsible for the areas of "businesses not pertaining to Pachislot and Pachinko, including the development, manufacturing and sales of arcade machines and development, manufacturing and sales of casino machines for overseas markets."

However, following repeated reconsideration of means to fulfill the company's original objectives, it was determined by today's Meeting of the Board of Directors that while the transition to a operative holding company would be executed as planned, the company separation of the businesses of Pachislot and Pachinko would not be carried out. Instead, a separation of the sales department of those two businesses will be conducted at the beginning of the new fiscal year on April 1, 2007. It was determined by the Board that this separation of the sales department would more properly facilitate a sales strategy conforming to changes in market environment.

3. Transition to a New Operative Holding Company Framework and ARUZE's Pachislot and Pachinko Businesses

(1) Transition to an Operative Holding Company Framework

The transition to an operative holding company framework is progressing as planned in the manner described above.

(2) Pachislot and Pachinko Businesses

ARUZE's previous plan to succeed its Pachislot and Pachinko businesses to an independent operative company through a company separation of those businesses has been replaced by a plan to forgo the company separation of those businesses and separate only the sales department belonging to those businesses.

ARUZE's Pachislot and Pachinko businesses are currently comprised of R&D, manufacturing and sales departments. The manufacturing department integrates purchasing and unit assembly as well as product assembly and final check/sealing functions. The future shape of these businesses will consist of the following four elements: (1) The purchasing and unit assembly functions of the manufacturing department will be separated and made independent through succeeding them to an independent company. This company, a wholly-owned subsidiary of ARUZE (Nautilus Inc.), will host approximately 40 ARUZE personnel members to be tentatively shifted from ARUZE this September. In the end, the purchasing and unit assembly functions of ARUZE will be completely separated from the company. (2) The product assembly and final check/sealing functions of the manufacturing department will continue under both ARUZE and three subsidiaries of the company. (3) The sales department is scheduled for separation on April 1, 2007 in the nature described above. Details regarding the method of this separation will be provided separately once they are finalized. (4) The R&D department will be placed under the operative holding company.

Finally, should the holding of a meeting of shareholders be determined necessary for the purpose of effecting the realignment of ARUZE's business in the future, an Extraordinary Meeting of Shareholders will be held on a date tentatively planned for between the end of January and the beginning of February 2007.

4. Future Schedule

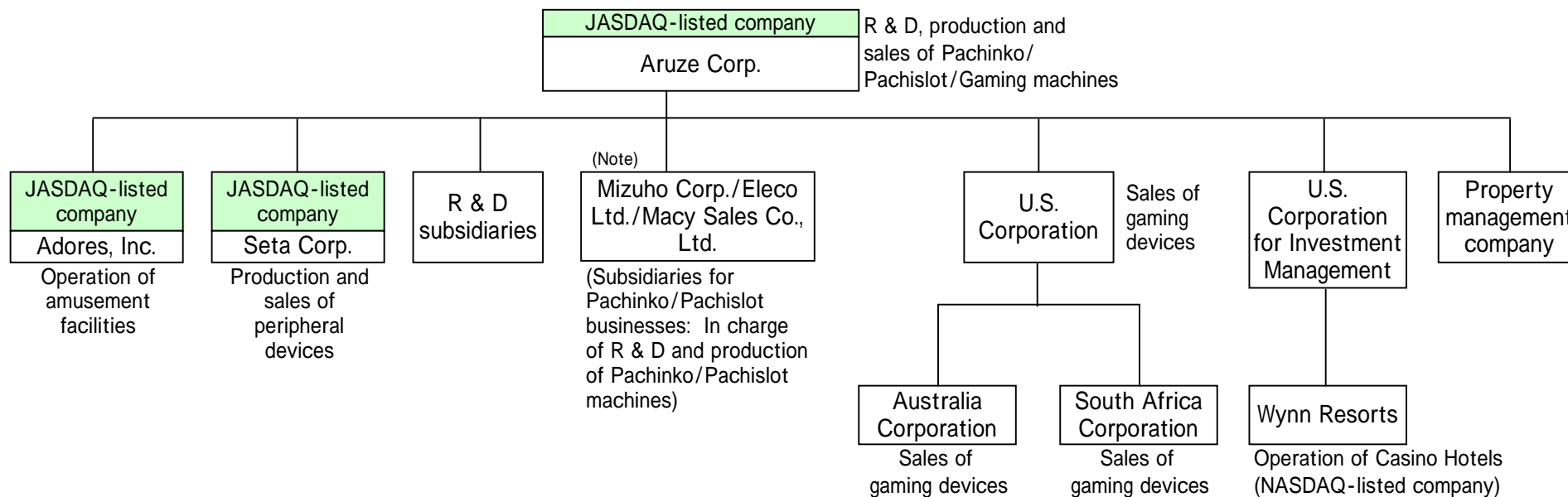
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- Board resolution regarding the "suspension of the company separation" of ARUZE's Pachislot and Pachinko businesses and "separation of the sales department" under those businesses
- Formation of the "Written Consensus Pertaining to Suspension of Company Separation"

April 1, 2007 (tentative)

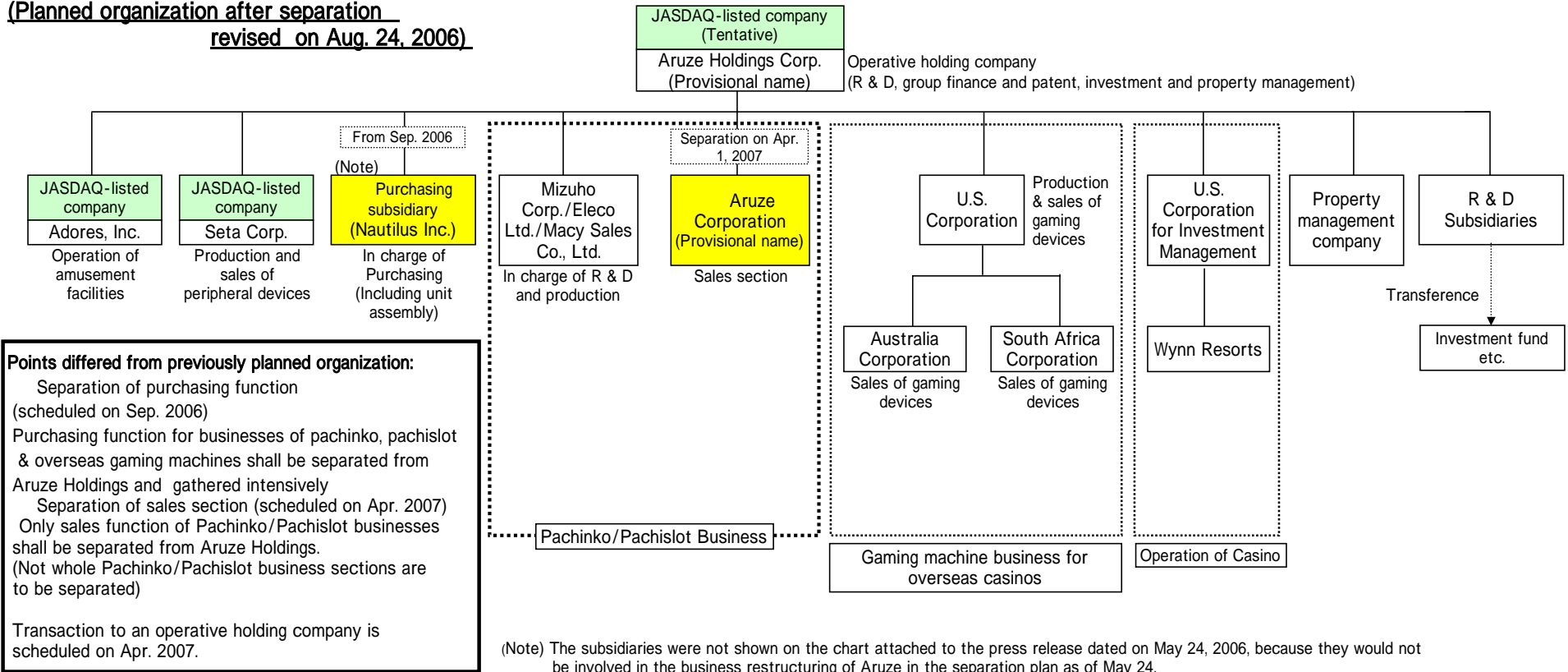
- Transition to an operative holding company framework

(Existing organization)

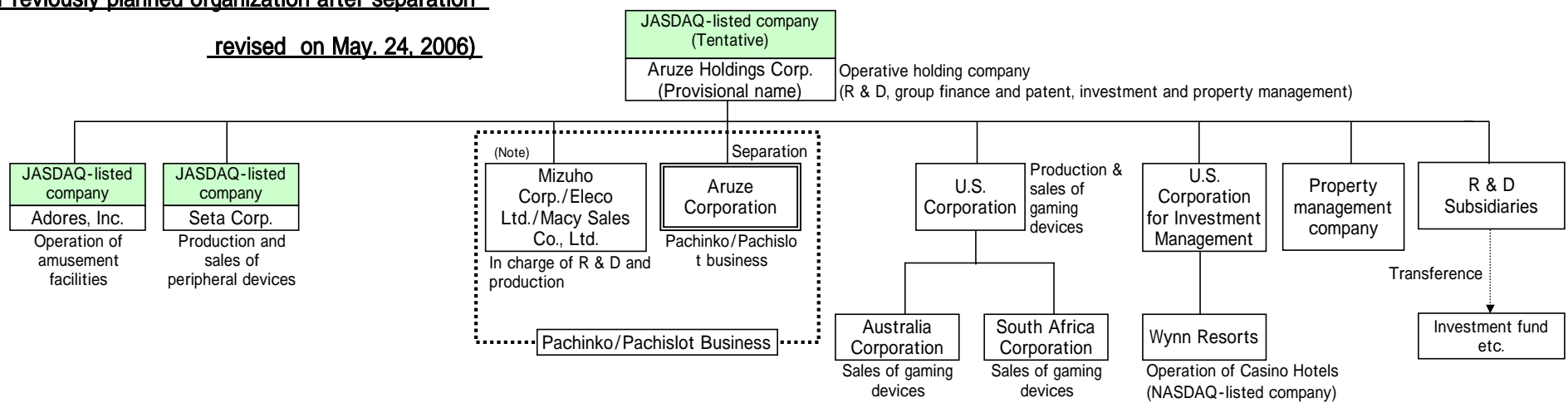


(Note) The subsidiaries were not shown on the chart attached to the press release dated on May 24, 2006, because they would not be involved in the business restructuring of Aruze.

**(Planned organization after separation
revised on Aug. 24, 2006)**



**(Previously planned organization after separation
revised on May. 24, 2006)**



(Note) The subsidiaries were not shown on the chart attached to the press release dated on May 24, 2006, because they would not be involved in the business restructuring of Aruze.