



November 9, 2006

Company Name: ARUZE CORP.
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Announcement Regarding Case Ruling

On November 2, 2006, ARUZE CORP. ("ARUZE" below) was notified of the appeal court ruling (dated October 31, 2006) in the case brought against the company by KM Enterprises Co., Ltd. ("KM Enterprises" below). The details of the case are provided below.

ARUZE is dissatisfied with the ruling and intends to appeal the case. Please note that today's disclosure date is the result of careful review of the nature of the ruling and deliberate consideration of an appropriate response.

1. Nature of Case and Ruling

(1) Presiding Court, Docket No. and Filing Date

Presiding Court: Tokyo High Court

Docket No.: 2006 (Ne) No. 830 Appeal Cases Concerning Loan/Penalty Claims, Etc.

Filing Date: January 18, 2006

(2) Parties Involved

Appellant: ARUZE

Appellee: KM Enterprises (Main Office: 9-32-3 Seijo, Setagaya-Ku, Tokyo, Japan;
Representative: Katsunori Manabe, Representative Director)

(3) Nature of Case

ARUZE had the intention of acquiring all of the stock of Sigma Game Inc. ("Sigma Game" below), a wholly-funded American subsidiary of KM Enterprises (Lower Court Plaintiff/Appellee), which possessed a gaming licensee under Nevada state law. To this end, ARUZE formed a stock purchase option agreement over Sigma Game with the Appellee on February 3, 2000. A condition of this stock acquisition, however, was obtaining the appropriate license from Nevada gaming authorities. Additionally, the stock purchase option agreement contained a penalty clause stating that should ARUZE fail to obtain the aforementioned license from Nevada gaming authorities by the end of March 2001 for reasons attributable to ARUZE, the company will be obliged to pay a penalty equivalent to the purchase amount of the stock, or US\$30,000,000. As there was a delay in ARUZE's

acquisition of said license, the Appellee filed a claim for payment of the corresponding penalty. In response, ARUZE asserted that the Appellee's claims that the delay in the license acquisition was attributable to the company had no grounds.

(4) Amount of Claim

US\$30,000,000 plus annual interest of 6% calculated from April 1, 2001 to the date of payment completion.

(5) Details of Ruling

Appellant must pay to the Appellee US\$11,800,880.15 plus annual interest of 6% calculated from July 28, 2006 to the date of payment completion.

2. Case Outlook

Adores, Inc. ("Adores" below), an affiliate company of ARUZE, had previously filed suit against former AZURE and Adores Director and current KM Enterprises Representative Director Katsunori Manabe requesting the repayment of a loan amounting to ¥2,100,000,000. Manabe subsequently filed a countersuit claiming the existence of the penalty clause mentioned in 1-(3) above, which led to the current case in question. Taking this into account, the ruling in this case is contrary to the circumstances surrounding the case, is utterly unreasonable from an economic standpoint and serves to incite incorrect speculation regarding the original intentions of the parties to the contract. Furthermore, as the ruling reflects insufficient hearing and reasoning and therefore lacks legality, ARUZE intends to immediately appeal the decision to the Japanese Supreme Court.

In order to settle the case in an efficient manner, ARUZE is planning to separately file a complaint for a breach of fiduciary duty against the ARUZE Director who presided over original loan matter.

3. Effect on Business Performance

The ruling has caused ARUZE to incur litigation-based extraordinary losses amounting to approximately ¥1,400,000,000 for both its consolidated and non-consolidated business performance for the FY2007 interim period. Currently, the company is carefully reviewing the revision of its business performance forecast for both FY2007 and the FY2007 interim period, with the results to be announced as soon as they are available.