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# Announcement of Revised Business Performance Forecast for Interim Period Ending September 30, 2006 and Fiscal Year Ending March 31, 2007

ARUZE CORP. (“ARUZE” below) hereby announces a revision of its business performance forecast for the interim period ending September 30, 2006 and the fiscal year ending March 31, 2007. Forecasts for the respective periods were originally disclosed on May 24, 2006 in the “Brief Report of Settlement of Accounts (Kessan Tanshin) for Fiscal Year Ending March 31, 2006 (Consolidated).”

1. Business Performance Forecast for Interim Period of Fiscal Year Ending March 31, 2007 (Beginning April 1, 2006 and Ending September 30, 2007)

(1) Consolidated (Unit: Million JPY)

| | Net Sales | Ordinary Profit | Interim Net Profit |
|---|---|---|---|
| Previous Forecast (A) | 34,300 | 2,100 | 800 |
| Revised Forecast (B) | 17,420 | -3,300 | -5,200 |
| Difference | -16,880 | -5,400 | -6,000 |
| Ratio of Increase/Decrease (B-A) | -49.2% | -% | -% |
| Reference: Business Performance for Previous Fiscal Year (Interim Period Ending September 30, 2005) | 21,770 | -6,678 | -8,413 |

(2) Non-Consolidated (Unit: Million JPY)

| | Net Sales | Ordinary Profit | Interim Net Profit |
|---|---|---|---|
| Previous Forecast (A) | 32,000 | 3,100 | 1,800 |
| Revised Forecast (B) | 15,340 | -1,500 | -3,100 |
| Difference | -16,660 | -4,600 | -4,900 |
| Ratio of Increase/Decrease (B-A) | -52.1% | -% | -% |
| Reference: Business Performance for Previous Fiscal Year (Interim Period Ending September 30, 2005) | 11,273 | -4,969 | -9,153 |

(3) Reason for Revision of Interim Business Performance Forecast

(Non-Consolidated)

<Reference: Effect on Business Performance – Non-Consolidated>

| | Net Sales | Cost of Sales | Gross Profit | Operating Profit |
|---|---|---|---|---|
| Accounting Figures According to ARUZE (A) | 18,682 | 9,340 | 9,342 | 692 |
| Accounting Figures Provided by Audit Corporation (B) | 15,340 | 8,100 | 7,240 | -1,410 |
| Difference (A-B) | 3,342 | 1,240 | 2,102 | 2,102 |

At the time that ARUZE disclosed its "Financial and Business Overview for 1st Quarter of Fiscal Year Ending March 31, 2007 (Consolidated)" on August 24, 2006, it was believed that starting with the end of the 2nd Quarter, the Pachislot market would begin its full-blown transition to the new Type 5 standard, particularly in light of practically all new titles based on the previous Type 4 standard having been released. However, as of the end of this September, Pachislot machines based on the older Type 4 standard continue to make up the majority of the titles being replaced in parlors, while Type 5 titles continue to be relegated to a limited presence. This resulted in net sales figures falling considerably below previous forecasts. Currently, the total installed number of ARUZE Pachislot units through our rental plan lies at approximately 50,000.

Given the inevitable transition of the Pachislot market from Type 4 to Type 5, ARUZE established a comprehensive rental system capable of significantly reducing the costs incurred by parlor operators in this transition. This rental system went into full effect this year following a special campaign period at the end of last year.

Under this rental system, the contract period is two years. The cabinet portions of Pachislot are rented out, where the software portion is sold upon delivery of the cabinet. Additional software is sold to parlor operators for use in the cabinet when requested. For contracts entered up through the end of September, ARUZE offered a free replacement Pachislot software title following the first year of the contract. Under this revolutionary new business model of ours, we posted sales for the initial software title provided as net sales for the fiscal year, with the amount posted equal to the payment total collected at the time of cabinet placement. Costs associated with the free replacement software title were posted as an allowance of ¥50,000 for the year. While we believed this to represent appropriate accounting methods, our audit corporation was of the opinion that since one free replacement title is provided after the first year of the contract elapses, the title should be valued as ¥100,000 rather than ¥50,000. Bearing this in mind, the audit corporation claimed that net sales accounted for by software titles should be posted over a span of two business years.

Additionally, starting from the end of the previous fiscal year, ARUZE has made significant changes to its sales structure by making the transition from sales of machines to cabinet rentals and software sales. This resulted in our net sales base being driven primarily by software and service business. Our position was that under this new business model centered on our rental system, calculating net sales at the point of contract formation and payment collection rather than applying the point-of-delivery standard used under sales of machines was the proper approach to take in order to ensure appropriate bookkeeping and net sales accounting with strong adherence to tax laws. Accordingly, we performed accounting in the manner we deemed suitable (see (A) in the chart above).

However, following discussion with our audit corporation, net sales were determined to have fallen to ¥3,342 million and gross profit to ¥2,102 million, resulting in a decrease of ¥1,410 million at the operating stage.

Lastly, as announced in the ARUZE press release “Announcement Regarding Case Ruling” issued on November 9, 2006, we will post litigation-based extraordinary losses of approximately ¥1.4 billion. This has prompted us to revise our interim business performance forecast in the manner above.

(Consolidated)

Based on the reasons provided above for the non-consolidated base, a revision of net sales, ordinary profit and interim net profit forecast figures was also conducted on a consolidated basis.

On March 5, 2006, Wynn Resorts, Limited (“Wynn Resorts” below. NASDAQ code: WYNN), an affiliate company accounted for by the equity method in which ARUZE holds a 24.5% share, announced that it had signed an agreement for Wynn Resorts to sell a subconsession right in Macau for the price of US$900 million (approximately ¥100 billion) to Publishing and Broadcasting Limited (“PBL” below). Subsequently, Wynn Macau, S.A., a subsidiary of Wynn Resorts, announced on September 11 that it had completed this sale to PBL.

In its 3rd Quarter business performance report issued on November 7, Wynn Resorts posted the proceeds from this transaction as non-operating profit, resulting in an after-tax profit of approximately US$680 million. Given the three-month difference between Wynn Resorts’ closing of accounts in December and ARUZE’s in March, we anticipate to post a significant amount (approximately ¥17 billion) in the second half of the current fiscal year based on ARUZE’s ownership ratio of Wynn Resorts shares.

Taking this into account, we anticipate a major upward revision of over approximately ¥29.4 billion (+639%) in our consolidated net profit for the fiscal year.

2. Business Performance Forecast for Fiscal Year Ending March 31, 2007 (Beginning April 1, 2006 and Ending March 31, 2007)

(1) Consolidated (Unit: Million JPY)

| | Net Sales | Ordinary Profit | Interim Net Profit |
|---|---|---|---|
| Previous Forecast (A) | 88,100 | 8,800 | 4,600 |
| Revised Forecast (B) | 84,700 | 27,000 | 34,000 |
| Difference | -3,400 | 18,200 | 29,400 |
| Ratio of Increase/Decrease (B-A) | -3.9% | 206.8% | 639.1% |
| Reference: Business Performance for Previous Fiscal Year (Ending March 31, 2006) | 48,506 | -8,578 | -12,713 |

(2) Non-Consolidated (Unit: Million JPY)

| | Net Sales | Ordinary Profit | Interim Net Profit |
|---|---|---|---|
| Previous Forecast (A) | - | - | - |
| Revised Forecast (B)* | 80,000 | 30,000 | 20,000 |
| Difference | - | - | - |
| Ratio of Increase/Decrease (B-A) | - | - | - |
| Reference: Business Performance for Previous Fiscal Year (March 31, 2006) | 29,165 | -5,805 | -13,891 |

(3) Reason for Revision of Fiscal Year Business Performance Forecast

In order to turn sluggish sales performance of Pachislot units experienced in the 1st Half of the fiscal year around in the 2nd Half, ARUZE has been focusing concerted effort on its sales activities. The Pachislot market from the 2nd Half and beyond will continue to see the approved usage periods for machines based on the Type 4 standard come to a successive close. This will translate into an estimated 1.2 million Type 4 titles on the market that will have to be replaced with Type 5 machines by the end of June 2006. Supplying the market with a number of machines of this magnitude requires several months of lead time, as it is impossible for manufacturers, even with their combined production capacity, to do so in a small time frame. Additionally, with only a handful of Type 4 titles scheduled for future release, the current market centered on Type 4 to Type 4 title replacement will inexorably shift to a Type 4 to Type 5 replacement cycle, with the transition to Type 5 to begin in full swing in the coming future.

ARUZE, having read this scenario, has gotten the jump on the competition through its aggressive release of Pachislot titles based on the Type 5 standard. Since October 2005, we have introduced one new Type 5 title on the market on a near-monthly basis, with a total of thirteen titles released up to this point. Through these efforts, we believe ARUZE is gradually becoming synonymous with Type 5 Pachislot on the market.

Representing a significant evolution of the Type 5 machines ARUZE has released up to this point is a new Type 5 Pachislot series that we dub “Game Pachislot.” We anticipate that this new line of Pachislot will contribute greatly to our revenue in the 2nd Half of the fiscal year.

“Game Pachislot” discards the standard system of simply playing an average 300 to 400 games prior to reaching a jackpot by adding mini-games during the jackpot sequences. Through these mini-games, players are able to accumulate points. The more points that are accumulated, the longer that the “free game” (game that can be enjoyed without consuming additional coins) sequences following jackpots can be enjoyed. This system allows players to gradually build up their stock of coins while aiming to hit the next jackpot, imparting them with a constant sense of anticipation as they play. It is our belief that bringing this “Game Pachislot” series to the market will give us an advantageous position over other Type 5 manufacturers and serve to boost our sales considerably. The first in this new wave of Type 5 machines, “Thunder V Special,” is currently looking to pass 30,000 in units ordered, and is bound to facilitate our return to high profitability.

Starting from the 2nd Half of the fiscal year, we have raised the unit price of the Pachislot software under our rental system, and are moving towards significant cuts in the cost of the machines through the sharing of components. This will link to the predicted growth of our “Game Pachislot” machines in the market and subsequent increases in profit margins, hence our expectation that that ordinary profit and net profit for the period will exceed initial forecasts.

Regarding Pachinko, we will first concentrate on sales of Pachislot for the time being in order to expand our share of the Type 5 market. We will reinitiate Pachinko sales once we have achieved satisfactory position with our Pachislot business.

As detailed above, Wynn Resorts completed the sale of a subconsession right in Macau for the price of US$900 million (approximately ¥100 billion) to PBL. In its 3rd Quarter business performance report released on November 7, Wynn Resorts posted the proceeds from this transaction as non-operating profit, resulting in an after-tax profit of approximately US$680 million. Accordingly, ARUZE anticipates to posts approximately ¥17 billion based on our ownership ratio of Wynn Resorts shares, which will result in a large increase in our net profit for the fiscal year.

Furthermore, in its first meeting of the Board of Directors held in Macau on November 13, Wynn Resorts declared a special cash distribution of US$6 per share to stockholders registered as of November 23. After being proposed by Chairman of the Board Steve Wynn and agreed upon by Vice Chairman (and ARUZE Chairman) Kazuo Okada, the issue was passed unanimously by the Board members. The payment of these special dividends, which represent cash-based income, will be posted by ARUZE as consolidated cash flow in the amount of approximately ¥16 billion.

(4) Reasons for Disclosing Non-Consolidated Business Performance Forecast for Fiscal Year

ARUZE had the intention of making the transition to an operative holding company as of October 1, 2006. Upon said transition, we were anticipating group operations revenue such as dividend revenue, interest revenue and agent business revenue from group companies, as well as sales revenue from departments not pertaining to Pachislot and Pachinko such as arcade game sales and overseas operations. As significant changes in our current business structure were expected, in order to avoid any misunderstanding, we elected not to disclose a consolidated business results forecast for the fiscal year upon May 24, 2006.

However, as detailed in the press release issued August 24, 2006, “Revision of Transition Method to Operative Holding Company Framework,” ARUZE has chosen to cease a separation of its businesses and revise the method through and timing in which said transition to a holding company framework would be made. With our current Pachislot and Pachinko business structure to remain generally intact until March 2007, we have elected to disclose above our non-consolidated business performance forecast for the fiscal year in the manner above.

*Note: The above forecast was prepared based on the information available as of the date of this press release. Actual business performance may vary with forecast figures due to a number of factors.