

April 26, 2007  
IR & PR Office

## Announcement of Ruling in Patent Case

On April 26, 2007, the Intellectual Property High Court in Tokyo reached a ruling on a patent case filed by ARUZE CORP. (“ARUZE” or “the Company”) against SNK PLAYMORE CORPORATION (“SNK PLAYMORE”). Details of the ruling follow below.

### 1. Nature of Ruling

ARUZE had filed an appeal with the Intellectual Property High Court requesting that the Court prohibit the violation of one of the Company’s patents (Patent No. 3056742) by SNK PLAYMORE in “Metal Slug,” a Pachislot machine manufactured and distributed by SNK PLAYMORE. The Court ruled to dismiss this appeal.

### 2. Case Background

The Patent No. 3056742 in question represents an invention entitled the “Alert Function System,” which was developed based around the predetermined lottery system omnipresent in today’s Pachislot machines. This system involves paring certain visual and aural effects offered by a machine with that machine’s winning combinations and creating alerts that signify the designated combinations of both. Through successively notifying the player through these alerts, which are enacted by pressing the three reel stop buttons on the machine in a certain sequential and timing-based fashion, the player is able to infer what series of symbols will result in a winning combination. This system was first fully realized in the Pachislot machine “Thunder V” developed by the ARUZE GROUP, and went on to become a huge commercial success. Furthermore, the subsequent use of video to provide the alerts in this system would come to be used in nearly all Pachislot products, making it a basic patent invaluable to the market.

ARUZE had filed a suit with the Tokyo District Court against SNK PLAYMORE for violating the above patent in the latter company’s Pachislot product “Metal Slug,” eventually filing an appeal in the same case with the

Intellectual Property High Court.

ARUZE is of the opinion that the judgment issued in this appeal case is unreasonable due to the focal point of the argument having been limited to two or three points, which in turn severely limited the applicable definition of patent rights and did not allow for a comprehensive argument of said rights as they pertain to the Alert Function System. This prevented ARUZE from effectively reestablishing its position in the appeal trial.

### 3. Future Outlook

The ruling in this case was originally scheduled to be issued on December 20, 2006; however, it was temporarily delayed due to ARUZE proposing a reconciliation. However, SNK PLAYMORE rejected this proposal, which effectively eliminated the option of further negotiations and subsequently resulted in today's ruling. ARUZE believes that the ruling is the consequence of a lack of clear and proper understanding regarding the nature of the technology involved in the Alert Function System patent. As future measures, the Company intends to reconfigure its legal team to better handle the complexities of such cases as well as conduct preparations to file both an appeal and a separate suit in order to clarify the nature of the technology in question.

Additionally, on December 14, 2006, ARUZE filed a claim for damages with the Tokyo District Court against SNK PLAYMORE for the violation of three separate ARUZE-owned patents in SNK PLAYMORE's "Metal Slug" Pachislot machine. ARUZE intends to strengthen its efforts to elicit proper understanding from the Court of the technology involved and prove beyond a doubt that "Metal Slug" violates this most basic of patents concerning Pachislot.

Lastly, the ruling discussed above will have no effect on ARUZE's business results for the current fiscal year.