



December 12, 2007

Company Name: ARUZE CORP.

Name and Title of Representative: Kunihiko Yogo

Representative Director and CEO

(JASDAQ Code: 6425)

Contact: Yoshito Hori

Member of the Board of Directors

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## **Announcement Regarding Conversion of Seta Corp. to Wholly-Owned Subsidiary Through Share Exchange**

At its Meeting of the Board of Directors held on December 11, 2007, ARUZE CORP. (hereinafter referred to as "Company") resolved the conversion of Seta Corp. (hereinafter referred to as "Seta") to a wholly-owned subsidiary through a share exchange (hereinafter referred to as "Share Exchange"), and made the decision to enter into a share exchange agreement with Seta. Please see below for details.

### **1. Purpose of Share Exchange**

#### **(1) Purpose of Share Exchange**

As described in the "Announcement Regarding Result of Tender Offer for Shares of Seta Corp." dated December 11, 2007, the Company conducted a tender offer of Seta shares (hereinafter referred to as "Tender Offer") between October 26, 2007 and December 10, 2007. As a result, the Company now holds 94.55% of the voting rights of the total shareholders of Seta.

As described in the "Announcement Regarding Commencement of Tender Offer of Seta Corp." and "Announcement of Statement of Agreement Regarding Tender Offer for Shares of Seta Corp." materials respectively disclosed by the Company and Seta on October 25, 2007, in order to render Seta into a wholly-owned subsidiary for the purposes of enhancing quick mobility towards the expansion of its amusement machine peripheral device business, increasing the synergy of this business with the amusement machine business and conducting a drastic improvement of Seta's business constitution so as to ensure the nonoccurrence of an inappropriate handling of the settlement of accounts, the Company and Seta plan to conduct a share exchange under which the Company will become a 100% parent company and Seta will become a 100% subsidiary. Through this method, the Company intends to provide shareholders of Seta the opportunity to exercise their right to request the buyback of the shares they possess in Seta, and thereby plans to acquire all of the shares of Seta. On December 11, 2007, the Company and Seta decided to conduct the Share Exchange through the payment of monies

equivalent to the purchase price per share of Seta under the Tender Offer to all Seta shareholders, with a public notification period to be established as necessary. To this end, the Company and Seta concluded a share exchange agreement.

(2) Delisting Schedule

Seta shares are scheduled to be delisted on January 1, 2008.

2. Main Points Regarding Share Exchange

(1) Share Exchange Schedule

Meeting of Board of Directors Resolving Share Exchange	Tuesday, December 11, 2007
Conclusion of Share Exchange Agreement	Tuesday, December 11, 2007
Term Expiration Date for Submission of Share Certificates	Late January 2008 (tentative)
Scheduled Date of Share Exchange (Effective Date)	Late January 2008 (tentative)
Date of Payment of Monies	Late March 2008 (tentative)

\*With regards to procedures under the Share Exchange, the Company shall conduct a simplified share exchange and Seta a summary share exchange without obtaining the approval of the General Meeting of Shareholders under provisions respectively provided for concerning simplified share exchanges (Article 796, Paragraph 3 of the Companies Act) and summary share exchanges (Article 784, Paragraph 1 of the Companies Act).

(2) Monies to Be Paid Upon Share Exchange

In accordance with provisions of Article 768, Paragraph 1, Item 2 of the Companies Act, under the share exchange agreement, the Company shall pay monies in the amount of 240 JPY per share of Seta to Seta shareholders excluding the Company (includes beneficial shareholders) inscribed or recorded in Seta's final registry of shareholders (includes beneficial shareholders registry) dated one day prior to the effective date of the Share Exchange.

(3) Basis of Calculation, Etc. for Monies to Be Paid Upon Share Exchange

Circumstantial Basis for Calculation

After conducting a recalculation based on the 240 JPY provided for in the "Announcement Regarding Commencement of Tender Offer for Shares of Seta Corp." issued by the Company on October 25, 2007 and other disclosed materials, the Company elected to set the amount of monies to be paid under the Share Exchange at 240 JPY, the same amount of the purchase price under the Tender Offer.

Relationship with Calculation Institution

No applicable items.

(4) Handling of Share Purchase Warrants and Corporate Bonds with Share Purchase Warrants for

100% Subsidiary under Share Exchange

No applicable items.

**3. Outline of Companies Involved in Share Exchange**

(as of December 11, 2007)

(1)	Trade Name	ARUZE CORP. (100% Parent Company)	Seta Corp. (100% Subsidiary)
(2)	Primary Business Activities	Development, manufacturing, sales, leasing and import/export of amusement machines	Development, manufacturing and sales of peripheral devices for Pachislot, Pachinko and other amusement machines
(3)	Date of Establishment	June 26, 1973	October 1, 1985
(4)	Location of Headquarters	3-1-25 Ariake, Koto-ku, Tokyo	3-1-25 Ariake, Koto-ku, Tokyo, Japan
(5)	Name and Title of Representative	Kunihiko Yogo, Representative Director and CEO	Hisakazu Hirabayashi, Representative Director and President
(6)	Capital	3,446,850,000 JPY (as of March 31, 2007)	2,495,050,000 JPY (as of March 31, 2007)
(7)	Number of Outstanding Shares	80,195,000 shares (as of March 31, 2007)	13,190,450 shares (as of March 31, 2007)
(8)	Net Assets	116,614 million JPY (consolidated) (as of March 31, 2007)	1,024 million JPY (consolidated) (as of March 31, 2007)
(9)	Total Assets	171,681 million JPY (as of March 31, 2007)	3,621 million JPY (as of March 31, 2007)
(10)	Closing Day of Business Year	March 31	March 31
(11)	Number of Employees	1,193 (consolidated) (as of March 31, 2007)	62 (consolidated) (as of March 31, 2007)
(12)	Primary Customers	GAIA ORIX Corporation Maruhan Corporation	ORIX Corporation ARUZE CORP. Yumura Shoji Co., Ltd.
(13)	Major Shareholders and Holding Ratio	Kazuo Okada 31.61% Tomohiro Okada 29.51% Goldman Sachs & Company Regular Account 9.19% Hiromi Okada 6.64% Hiroko Yokotsuka 2.99% Goldman Sachs International 2.05% The Chase Manhattan Bank N.A. London Special Account Number One 1.21% State Street Bank and Trust Company 0.85% (as of September 30, 2007)	ARUZE CORP. 94.49%

(14)	Primary Banks	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., AOZORA BANK, Ltd.	Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Resona Bank, Ltd.
(15)	Relationship, Etc. between Involved Companies	Capital Relationship:	The Company holds 94.49% (12,463,000) of the outstanding shares of Seta.
		Personnel Relationship:	The Company has dispatched three individuals, Masayuki Nonaka, Noriaki Nishida and Soichiro Tanaka to serve as Directors at Seta. Of these three individuals, Noriaki Nishida and Soichiro Tanaka represent Outside Directors as stipulated in Article 2, Item 15 of the Companies Act. The Company has also loaned one additional employee to Seta.
		Business Relationship:	<p>The following business relationship exists between the Company and Seta (Transaction amounts are for the fiscal year ending March 31, 2007.).</p> <p>The amount of products sold to Seta and product development work consigned from Seta equals 747,566,000 JPY.</p> <p>The amount of office rent fees and system support fees received from Seta equals 59,875,000 JPY.</p> <p>The amount of components, merchandise and products purchased from Seta and product development work consigned to Seta equals 1,216,322,000 JPY.</p> <p>The amount of royalties paid to Seta equals 9,069,000 JPY.</p> <p>The amount of borrowed monies paid back by Seta equals 450,000,000 JPY.</p> <p>The amount of interest received from Seta equals 8,320,000 JPY.</p>
		Applicable Status with Related Parties:	Seta is a consolidated subsidiary of the Company and falls under a related party.

## (16) Business Performance for Last Three Fiscal Years (Consolidated)

(Unit: Million JPY)

Fiscal Year Ending	ARUZE CORP. (100% Parent Company)			Seta Corp. (100% Subsidiary)		
	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2005	March 31, 2006	March 31, 2007
Net Sales	72,458	48,506	35,580	2,971	2,705	4,312
Operating Profit	5,467	(5,310)	(3,205)	278	(708)	354
Ordinary Profit	2,083	(8,578)	(6,764)	251	(739)	326
Net Profit	1,022	(12,713)	9,169	66	(1,407)	(6)
Net Profit Per Share (JPY)	12.79	(159.11)	(114.76)	6.86	(142.16)	(0.53)
Dividends Per Share (JPY)	30	50	20	-	-	-
Net Assets Per Share (JPY)	1,468.75	1,351.89	1,457.89	126.85	78.33	77.68

## 4. Status Following Share Exchange

(1)	Company Name	ARUZE CORP.
(2)	Primary Business Activities	Development, manufacturing sales, leasing and import/export of amusement machines
(3)	Location of Headquarters	3-1-25 Ariake, Koto-ku, Tokyo
(4)	Name and Title of Representative	Kunihiko Yogo, Representative Director and CEO
(5)	Capital	3,446,850,000 JPY (as of March 31, 2007)
(6)	Total Assets	171,681 million JPY (consolidated) (as of March 31, 2007)
(7)	Net Assets	116,614 million JPY (consolidated) (as of March 31, 2007)
(8)	Closing Day of Business Year	March 31

## (9) Outline of Accounting Procedures

Estimates, etc. regarding the accounting procedures, amount of goodwill and number of amortization years under the Share Exchange will be promptly disclosed once finalized.

## (10) Impact/Outlook on Business Results Following Share Exchange

The impact of the conversion of Seta to a wholly-owned subsidiary and other influence to be exerted on the consolidated and non-consolidated business results of the Company will be minimal.