

(Translation)

May 12, 2008

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.

Name of Representative: Hajime Satomi,  
Chairman, President and  
Representative Director (CEO)

(Code No. 6460, Tokyo Stock Exchange 1st Section)

Further Inquiry: Takatoshi Akiba,  
Executive Officer  
(TEL: 03-6215-9955)

Notice of Final Decision Invalidating Patent No. 3708056

Notice is hereby given that with regard to two patent rights (Patent No. 3069092 and Patent No. 3708056) in respect of which an action for infringement of patents has been filed by Aruze Corp. ("Aruze") against Sammy Corporation ("Sammy"), a subsidiary of SEGA SAMMY HOLDINGS INC. (the "Company"), Patent No. 3708056 has been finally invalidated, as described below:

Description

1. Background:

- (1) December 27, 2005: Aruze filed the action for damages for infringement of its patent rights with the Tokyo District Court.
- (2) March 1, 2006: Sammy filed with the Japanese Patent Office a petition for a decision invalidating Patent No. 3708056.
- (3) October 17, 2006: The Japanese Patent Office delivered a decision invalidating Patent No. 3708056.
- (4) November 13, 2006: Aruze filed with the Intellectual Property High Court an action to seek revocation of the decision invalidating Patent No. 3708056 rendered by the Japanese Patent Office.
- (5) November 14, 2007: The Intellectual Property High Court dismissed the action filed by Aruze to seek revocation of the decision invalidating Patent No. 3708056 (affirming the invalidation decision of the Japanese Patent Office).
- (6) November 27, 2007: Aruze appealed against the judgment rendered by the Tokyo

High Court to the Supreme Court and also filed a petition for receipt of final appeal.

- (7) May 8, 2008: The Supreme Court dismissed the final appeal filed by Aruze and made a decision not to accept it.

2. Contents of the decision by the Supreme Court:

The final appeal shall be dismissed.

The petition for receipt of final appeal shall not be accepted.

The costs of the final appeal and the petition shall be borne by the appellant and petitioner.

3. Related action for damages for infringement of the patent rights:

With regard to Sammy's pachislot machines, Aruze has filed an action for damages based on Patent No. 3069092 and Patent No. 3708056.

Related product (Model)	Date of action filed	Current status
<i>Hokuto-no-Ken</i>	December 27, 2005	Filed with, and dismissed by, the Tokyo District Court (Amount of damages claimed: ¥21,000,000,000)
	June 4, 2007	Appealed to, and on trial at, the Intellectual Property High Court (Amount of damages claimed: ¥21,000,000,000)

4. Future prospects

As described in paragraph 3 above, the action for damages for alleged infringement of the patent rights is currently on trial at the Intellectual Property High Court. However, as Patent No. 3708056 has been finally invalidated, the Company believes that the judgment of the court of first instance and the invalidation decision by the Japanese Patent Office will properly be reflected in the action.

The result of the appeal trail will be publicized as soon as it becomes available.

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