

(Translation)

December 10, 2004

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.

Name of Representative: Hajime Satomi,
Chairman, President and
Representative Director

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

Further Inquiry: Koichi Fukazawa,
Executive Officer
(TEL: 03-6215-9955)

Notice of Abandon of Claim for Damage

Notice is hereby given that with regard to the action for infringement of utility model right filed by Abilit Corporation (formerly Takasago Electric Industry Co., Ltd.) against Sammy Corporation, a subsidiary of SEGA SAMMY HOLDINGS INC., Abilit Corporation submitted to the Osaka District Court a statement of abandon of claim for damage, whereby terminating the action for infringement of utility model right, as described below:

Description

1. Party filing the action:

(1) Name: Abilit Corporation (formerly Takasago Electric Industry Co., Ltd.)

(2) Location: 9-14, Minami-Senba 2-chome, Chuo-ku, Osaka

(3) Name of Representative: Junichi Hamano, Representative Director (former Representative Director: Haruo Ishii)

2. Content of the action:

Abilit Corporation (formerly Takasago Electric Industry Co., Ltd.) filed an action for the payment of ¥11,424,000,000 in damages, alleging that drum-rotating game machines (or pachislot machines) "Aladdin A," "Hard-boiled 2," "Sanpei" and "Juo" manufactured and marketed by Sammy Corporation infringed the utility model right (No. 2148009) of Abilit Corporation.

3. Content of the statement of abandon:

2002 (wa) No. 7164: Case of Claim for Damage for Infringement of Utility Model Right

With regard to the above-mentioned case, the plaintiff hereby abandons the claim in the action.

4. Background:

- (1) July 18, 2002: Abilit Corporation (formerly Takasago Electric Industry Co., Ltd.) filed the action for claim for damages.
- (2) June 12, 2003: A decision invalidating Utility Model Right No. 2148009 (dated June 5, 2003) by the Japanese Patent Office was confirmed.
- (3) July 10, 2003: Abilit Corporation filed with the Tokyo High Court an action to seek revocation of the decision of invalidation dated June 5, 2003 by the Japanese Patent Office.
- (4) October 19, 2004: The Tokyo High Court rendered judgment to dismiss the action filed by Abilit Corporation (in support of the decision of invalidation by the Japanese Patent Office).
- (5) November 1, 2004: Abilit Corporation submitted to the Osaka District Court a statement of abandon to abandon the claim in the action.
- (6) December 9, 2004: At the preparatory proceedings for pleading at the Osaka District Court, the court cited the statement of abandon submitted by Abilit Corporation.

As described above, the action for infringement of utility model right has terminated due to the abandon thereof by Abilit Corporation.

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