

(Translation)

August 30, 2005

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: Michael Masakimi Hotta,
Executive Officer
(TEL: 03-6215-9955)

Notice of Judgment on Action (CT Patent)

Notice is hereby given that with regard to the action for infringement of patent filed by Aruze Corp. ("Aruze") against Sammy Corporation ("Sammy"), a subsidiary of SEGA SAMMY HOLDINGS INC., the Tokyo District Court rendered a judgment in favor of Sammy, as described below.

This action had been filed against Sammy as a defendant by the plaintiff Aruze, alleging that Sammy's pachislot game machine "*Triple Rider*" infringed the patent of Aruze and claiming damages of ¥1,430,700,000 therefor.

Description

1. Background

- | | | |
|----|-------------------|---|
| (1 | March 26, 2001 | Aruze filed an action for claim for damages. |
|) | | |
| (2 | June 25, 2001 | Sammy filed with the Japanese Patent Office a petition for a |
|) | | decision invalidating the patent. |
| (3 | January 6, 2003 | The Japanese Patent Office delivered a decision invalidating Patent |
|) | | No. 1855980 (as of December 25, 2002). |
| (4 | January 27, 2003 | Aruze filed with the Tokyo High Court an action to seek |
|) | | revocation of the decision invalidating the patent rendered by the |
| | | Japanese Patent Office. |
| (5 | February 21, 2005 | The Tokyo High Court rendered a judgment dismissing the action |
|) | | filed by Aruze (in support of the Japanese Patent Office's decision |
| | | invalidating the patent). |
| (6 | March 7, 2005 | 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 | July 14, 2005 | The Supreme Court rejected the appeal from Aruze and rendered a |
|) | | decision not to accept the final appeal. (Final decision invalidating |
| | | the patent) |

2. Outline of the judgment

(1) Date of judgment: August 30, 2005

(2) Contents: The plaintiff's claim shall be dismissed.

The costs of the action shall be borne by the plaintiff.

(3) Reason: The patent exercised has elapsed due to invalidation thereof

3. Future prospects

As present, the judgment is expected to have no effect on the operating results.

- END -