

(Translation)

October 3, 2007

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

Notice of Invalidation Decision by the Japanese Patent Office

Notice is hereby given that with regard to the action of infringement of patent rights filed against Sammy Corporation ("Sammy"), a subsidiary of SEGA SAMMY HOLDINGS INC. (the "Company"), by Aruze Corp. ("Aruze"), Sammy received the delivery of a decision invalidating the patent right held by Aruze (dated September 20, 2007) from the Japanese Patent Office on October 2, 2007, as described below:

Description

1. Content of the invalidation decision:

The patents for inventions as defined in claim 1, claim 2, claim 5, claim 7, claim 11 through claim 13 and claim 15 through claim 24 of Patent No. 3069092 held by Aruze shall be invalidated.

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

With regard to Sammy's drum-rotating game machines (or 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)

3. Background:

- (1) December 27, 2005: Aruze filed the action for damages (with the Tokyo District Court).
- (2) March 1, 2006: Sammy filed with the Japanese Patent Office a petition for a decision invalidating the patent (Patent No. 3708056).
- (3) March 27, 2006: Sammy filed with the Japanese Patent Office a petition for a decision invalidating the patent (Patent No. 3069092).
- (4) October 17, 2006: The Japanese Patent Office delivered a decision invalidating Patent No. 3708056.
- (5) May 22, 2007: The Tokyo District Court dismissed the action for damages filed by Aruze.
- (6) June 4, 2007: Aruze appealed to the Intellectual Property High Court.
- (7) October 2, 2007: The Japanese Patent Office delivered a decision invalidating part of Patent No. 3069092.

4. Future prospects

As described in paragraph 2 above, the action related with the patent rights is currently on trial at the Intellectual Property High Court. 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 action will be publicized as soon as it becomes available.

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