



Sega Amusements USA, Inc.

Press Release

For Immediate Release

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DERBY OWNERS CLUB – WORLD EDITION APPROVED FOR OPERATION IN MINNESOTA

SEGA'S SUCCESSFUL LOBBYING EFFORTS RESULT IN CHANGE TO MINNESOTA GAMING LAWS LEAGILIZING DERBY OWNERS CLUB

Elk Grove Village, IL May 25, 2005 – Sega Amusements USA, Inc. announces favorable change to the Minnesota Gaming Act permitting Derby Owners Club – World Edition to be legally operated throughout the state.

Background

In early 2003, several Minnesota operators installed Derby Owners Club - World Edition (DOC) into locations throughout the state generating record-breaking revenues. They were shocked to discover the state's gaming law enforcement division considered DOC a gambling device. "Their interpretation was that DOC depicted an otherwise controlled form of gambling in the state - specifically, thoroughbred horse racing - and that the operation of the game was a criminal offense," explained Sega's Director of Marketing, Peter Gustafson. "Obviously we disagreed. The game does not accumulate credits, does not post odds, and does not depict para-mutual wagering transactions. It shows horses running around a track and we maintained this was not an illegal activity."

About the Lobbying Effort

Sega was not going to let this valuable market go without a fight. Sega's goal was to change what the Minnesota Gaming Act defined as a video game of chance. "We felt the game did not violate the intent of the law," continued Gustafson. "We chose to pursue the political process in hopes of obtaining a favorable change in the language of the state's gaming laws."

Through the coordinated efforts of in-house and outside legal counsel including the firms of Lord, Bissel & Brook LLP (Chicago, IL), and Nolan, MacGregor, Thompson & Leighton (St. Paul, MN), Sega initiated a coordinated lobbying effort in the Minnesota House and Senate focused on changing the Minnesota Criminal Code's definition of a video game of chance.

Gambling has been a controversial legislative issue in Minnesota this session and Sega's bill caused concern among some legislators who feared it represented a relaxation of gambling regulation and could be used as a legislative vehicle for an expansion of gambling. The bills were incorporated in omnibus bills that passed in the Senate 55 to 2 and in the House 114 to 20 late Monday night, May 23, 2005, less than an hour before the end of the session at midnight. The legislation will allow for the immediate reinstatement of Sega's Derby Owners Club.

"State legislators from both sides of the House and Senate were concerned we wanted whole-sale changes made to their gaming laws," said Gustafson. "When they understood this was never our intention, we quickly gained bipartisan support."



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About the Successful Outcome

The specific language in the Minnesota Gaming Act was modified to state; *a video game that simulates horse racing and does not involve a prize payout is not an illegal video game of chance.* “We’re very pleased with the way the process evolved,” said Sega President, Rick Rochetti. “The Minnesota state gaming enforcement agency was extremely helpful as they didn’t want to be responsible for policing amusement-only devices like DOC. This is a shared victory for Sega and Minnesota distributors, operators, locations, and players.”

About Sega Amusements USA, Inc.

Serving the North and South American markets, Sega Amusements USA, Inc. is a wholly owned subsidiary of Sega Corporation, Japan. Sega Amusements USA, Inc. is an industry leader in creating state-of-the-art interactive video, self contained merchandising, and redemption game play experiences through the utilization of complementary technologies and devices to enhance player enjoyment and loyalty. Products range from single-player upright video games, to self-contained merchandising games, to multi-player attendant operated simulators.

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