

**12.02.2003****SEGA AND MICROSOFT DEVELOP NEXT-GENERATION ARCADE SYSTEM.**

Sega Corporation (headquarters: Tokyo; President: Hideki Sato) and Microsoft Corporation (Microsoft Corporation, headquarters: Redmond, Washington; CEO: Steve Ballmer) have developed a next-generation arcade system "Chihiro", utilizing the architecture of the consumer game console "Xbox". The newly developed system has excellent development efficiency and necessary power for the most demanding content provided by software manufacturers. Developed for use in the arcade game sector, Chihiro is now ready to go into production and is scheduled for deployment within this year.

Chihiro utilizes the high CG rendering and cinema quality sound performance clearly demonstrated already in the Xbox game console. Chihiro boasts the highest specifications in the amusement market and provides a high cost-performance development environment for arcade software developers. Its multipurpose nature is beneficial for users and amusement facility operators alike and has the potential to drive an increase in software titles and investment efficiency for arcade software development companies.

The Chihiro project is a touch point for the exchange of business and technology knowledge between the two companies. It is positioned to revitalize both the amusement and consumer gaming markets by enabling unprecedented user experience.

Several software titles are under development for Chihiro the first of which being "The House of the Dead 3" (developer: Wow Entertainment Inc.; President: Rikiya Nakagawa). Chihiro is scheduled to be exhibited at the "40th Amusement Machine Show" held at Tokyo Big Site commencing September 19.