

(Translation)

May 11, 2012

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.
 Name of Representative: Hajime Satomi,
 Chairman of the Board and
 Chief Executive Officer
 (Code No. 6460, Tokyo Stock Exchange 1st Section)
 Further Inquiry: Seiji Shintani,
 General Manager of Group
 Executive Office and Group
 Communications Office
 (TEL: 03-6215-9955)

Notice Concerning Incorporation-Type Company Split

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the “Company”) and consolidated subsidiary SEGA CORPORATION (the “transferring company”) have determined to conduct a company split on a part of the business operated by the transferring company (incorporation-type company split) effective July 2, 2012 and transfer such business to the newly launched SEGA Networks, Ltd. (“incorporated company in incorporation-type split”) as described below.

Description

1. Purpose of company split

The purpose is to maximize profits by building an adequate business structure corresponding to changes in business environment through a company split of the main functions of the network business operated by the transferring company, transferring it to the incorporated company in incorporation-type split, and seek to speed up management decision making and provide services that cater to customer needs.

2. Summary of company split

(1) Schedule of split

-Date of split (effective date): July 2, 2012 (planned)

-Registration of incorporation of new company: July 2, 2012 (planned)

Based on the provisions of Article 805 of the Companies Act of Japan (simplified incorporation-type company split), a general meeting of shareholders to approve the split will not be held.

(2) Method of split

This is an incorporation-type company split where SEGA CORPORATION is the transferring company and SEGA Networks, Ltd. is the incorporated company in incorporation-type split.

(3) Allotment of shares

The incorporated company in incorporation-type split will issue 1,000 shares for the split and all shares will be allotted to the transferring company.

(4) Distributions for split

No distributions will be paid for the split.

(5) Reduction of capital, etc. through split

There is no change in capital, etc. of the Company and transferring company through this split.

(6) Handling of share options and bonds with share options of the transferring company

The transferring company has not issued share options or bonds with share options.

(7) Rights and obligations transferred to incorporated company in incorporation-type split

The incorporated company in incorporation-type split will succeed to the rights and obligations such as assets, liabilities and contractual status concerning the business stipulated in the corporate split agreement on the effective day of the split.

(8) Estimates of performance of liabilities

We judged that there is no issue in estimates of performance of liabilities which will be a burden to the transferring company or the incorporated company in incorporation-type split after the split.

3. Profile of the parties of the company split

	Transferring company (as of March 31, 2012)	Incorporated company in incorporation-type split (scheduled for July 2, 2012)
(1) Trade name	SEGA CORPORATION	SEGA Networks, Ltd.
(2) Content of business	Development, production and sales of amusement machines; development and operation of amusement centers; development and sales of game software	Business involved in the planning, development, design, sales, delivery and management and operation of products and services that utilize the Internet and other means of communication
(3) Established	June 3, 1960	July 2, 2012
(4) Head office location	1-2-12, Haneda, Ohta-ku, Tokyo	Higashi Shinagawa, Shinagawa-ku, Tokyo (Planned)
(5) Representative	Naoya Tsurumi President, Representative Director (COO) (as of April 1, 2012)	Haruki Satomi President, Representative Director (CEO)
(6) Capital	60 billion yen	10 million yen (planned)
(7) Number of outstanding shares	174,945,700 shares	1,000 shares
(8) Total assets	156,352million yen	5,450 million yen (planned)
(9) Settlement of accounts	March 31	March 31
(10) Number of employees	3,756	130 (planned)
(11) Principal shareholder and shareholding ratio	SEGA SAMMY HOLDINGS INC. 100%	SEGA CORPORATION 100%

4. Summary of business to be split

Network business: Planning, development, design, sales, delivery and management and operation of products and services such as game applications through the Internet and other means of communication.

5. Status after company split

There is no change in the trade name, content of business, head office location, representative, capital and settlement of accounts in SEGA CORPORATION, the transferring company, due to the split.

6. Impact on business performance

SEGA CORPORATION, the transferring company, is a wholly-owned subsidiary of the Company and SEGA Networks, Ltd., the incorporated company in incorporation-type split, will become a wholly-owned subsidiary of SEGA CORPORATION. Thus, this event is expected to have no significant impact on the Company's non-consolidated and consolidated operating results.

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