

(Translation)

October 13, 2004

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:	Koichi Fukazawa
Executive Officer	(TEL:03-6215-9955)

Notice of Determination of Conditions of Issuance of
Yen Denominated Guaranteed Convertible Bonds due 2009

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the "Company"), at the meeting of its Board of Directors held on October 13, 2004, has determined the conditions of issuance of Yen Denominated Guaranteed Convertible Bonds due 2009 (hereinafter referred to as the "Bonds with Stock Acquisition Rights", of which the bonds solely will be referred to as the "Bonds" and the stock acquisition rights solely will be referred to as the "Stock Acquisition Rights" hereinafter) that the Company has resolved to issue at the meeting of its Board of Directors held on October 1, 2004, as described below:

Description

1. Total amount of issue:
¥30,516 million, plus an amount equivalent to the face value of the substitute Bonds that may be issued against appropriate evidence and indemnity for lost, stolen or destroyed Bonds upon request from the holders thereof.
2. Total number of Stock Acquisition Rights to be issued:
30,516 rights, plus the aggregate face value of the substitute Bonds that may be issued against appropriate evidence and indemnity for lost, stolen or destroyed Bonds upon request from the holders thereof, divided by ¥1,000,000.

The purpose of this press release is to make a general public announcement of the offering of the Company's Convertible Bond-Type Bonds with Stock Acquisition Rights (the "Bonds"). It has not been prepared for the purpose of soliciting investments in the Bonds.
The Bonds will not be offered or sold in Japan. This press release does not constitute an offer of the Bonds in any area, including the United States. The Bonds may not be offered or sold in the United States, absent registration or an applicable exemption from registration requirements under the United States Securities Act of 1933 (the "Securities Act"). In case securities are offered in the United States, an English prospectus prepared pursuant to the Securities Act is used. The Bonds will not be offered in the United States.

3. Issue price of the Stock Acquisition Rights: ¥ 307,500
4. Reason for calculation of the issue price of the Stock Acquisition Rights:
The issue price of the Stock Acquisition Rights has been determined , by taking into account the theoretical economic value of the Bond with the Stock Acquisition Right calculated by taking the initial conversion price and the other factors including the market conditions into consideration, and the value to be obtained by the Company based upon conditions of the Bonds, such as the issue price of the Bonds and the interest rate.

(For Reference)

1. Date of resolution for the issue: October 1, 2004
2. Exchange offering period: From October1, 2004 to 5.00pm (London time) on October 12, 2004
3. Payment date and delivery date of the Bonds: October 29, 2004 (London time)
4. Initial conversion price: ¥3,828
5. Issue price of the Bonds: 100% of the face value of the Bonds (face value of each Bond : ¥1,000,000)
6. Coupon: Zero
7. Exercise period of the Stock Acquisition Rights:
From November 1, 2004 to the close of business on February 17, 2009 (local time at the place of Agent for Conversion Request). However, (i) in case of early redemption of the Bonds, the Stock Acquisition Rights shall be exercised no later than three business days in Tokyo prior to the relevant redemption date, (ii) in case of cancellation by purchase of the Bonds, the Stock Acquisition Rights shall be exercised no later than the time the Company cancels the Bonds or, Guarantor or its subsidiary delivers the Bonds to the Company for cancellation thereof and (iii) in case of early redemption of the Bonds upon default in the performance of obligations, the Stock Acquisition Rights shall be exercised no later than the time the Bonds become due and payable.
8. Maturity date: March 3, 2009 (London time)

- End -

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