

(Translation)

January 29, 2016

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: Seiichiro Kikuchi
Executive Officer
Division Manager,
Group Executive Office
(TEL: 03-6215-9955)

Notice of Corporate Split (Absorption-Type Split) and Share Transfer of Sub-Subsidiary

It is hereby notified that a decision was made that SEGA Holdings Co., Ltd. (“SEGA Holdings”), a subsidiary of SEGA SAMMY HOLDINGS INC. (the “Company”), will transfer all shares of Be Re-inc (“Be Re-inc”), a subsidiary of SEGA Holdings, to Matahari Co., Ltd. after implementing corporate split (absorption-type split; the “Absorption-type Split”) of “dining darts bar” business operated by SEGA ENTERTAINMENT CO., LTD. (“SEGA ENTERTAINMENT”), a subsidiary of SEGA Holdings, with Be Re-inc as a successor company. The details are as follows.

Since the Absorption-type Split is an absorption-type split of the Company’s consolidated subsidiary, disclosure items and details are partially omitted.

Description

I. Reasons for corporate split and share transfer

The Group has been putting forth efforts for structural reform since the fiscal year ended March 2015 in order to review the earnings structure of the entire Group from a medium- to long-term perspective by reviewing business processes at each business level while optimizing management resources in all aspects of quantity, quality and allocation in response to changes in the business environment surrounding the Group.

As part of the reviewing of a business portfolio held by the Group and pressing further ahead with business restructuring, all shares of Be Re-inc will be transferred to Matahari Co., Ltd. after having Be Re-inc, a subsidiary of SEGA Holdings, succeed the “dining darts bar” business of SEGA ENTERTAINMENT. Details are as described below.

II. Outline of corporate split

1. Summary of corporate split

(1) Schedule of corporate split

Resolution at the Board of Directors meeting of SEGA Holdings	January 29, 2016
Conclusion of Absorption-type Corporate Split Agreement	January 29, 2016
Effective date	March 1, 2016 (tentative date)

(Note) Since the Absorption-type Split is a simplified absorption-type split as defined in Article 784, paragraph 2 of the Companies Act, it will be implemented without approval at the shareholders’ meeting.

(2) Method of corporate split

This will be an absorption-type split where SEGA ENTERTAINMENT is the transferring company and Be Re-inc is the successor company.

(3) Allocation of shares pertaining to the corporate split

There will be no allocation of shares or other form of compensation such as cash upon the Absorption-type Split.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in accordance with the split

Not applicable.

(5) Capital changes accompanying the corporate split

There will be no changes in capital due to the corporate split.

(6) Succession of rights and obligations by the successor company

The successor company will succeed assets, liabilities, contracts and employment contracts pertaining to the subject business which are stipulated in the separately prepared Absorption-type Corporate Split Agreement, as of the effective date of the Absorption-type Split.

(7) Prospect of fulfillment of liabilities

Both the transferring company and the successor company are judged to be capable of fulfilling the liabilities to be borne on or after the effective date of the Absorption-type Split.

2. Overview of the parties of the corporate split

	Transferring company (as of September 30, 2015)	Successor company (plan as of March 1, 2016)
Name	SEGA ENTERTAINMENT CO.,LTD.	Be Re-inc
Business description	Planning/operation of amusement facilities, dining entertainment facilities and restaurant facilities, leasing amusement machines, sale of darts accessories, etc.	Planning/operation of dining entertainment facilities and restaurant facilities, sale of darts accessories, etc.
Head office	1-2-12, Haneda, Ota-ku, Tokyo	1-2-12, Haneda, Ota-ku, Tokyo
Title and name of representative	Vice President and Representative Director: Satoshi Ueno	President and Representative Director: Satoshi Ueno
Capital (as of January 29, 2016)	100 million yen	1 yen
Established	April 1, 2004	January 18, 2016
Number of shares issued and outstanding	21,001 shares	1 share
Settlement of accounts	March 31 of each year	March 31 of each year
Major shareholders and their shareholding ratio	SEGA Holdings Co., Ltd. (100%)	SEGA Holdings Co., Ltd. (100%)
Operating performance and financial condition of the most recent fiscal year (fiscal year ended March 2015, non-consolidated)		
Net Assets	20,186 million yen	—
Total assets	26,506 million yen	—

Net sales	35,589 million yen	—
Operating income	944 million yen	—
Ordinary income	976 million yen	—
Net income	497 million yen	—
Net income per share	23,688.08 yen	—

3. Overview of the business sector being split

(1) Business description of the sector being split

Planning / operation of dining entertainment facilities and restaurant facilities, sale of darts accessories, etc.

(2) Business performance of the business sector being split (fiscal year ended March 2015)

Net sales of 2,759 million yen

III. Transfer of shares

1. Overview of the company from which shares are being transferred

As described in the “Successor company” column in the above II, “2. Overview of the parties of the corporate split.”

2. Overview of the transferee of shares

Name	Matahari Co., Ltd.	
Business description	Planning/development/operation of combined entertainment space Operation of amusement facilities	
Head office	Kawasaki Tech Center 19F, 580-16, Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa	
Title and name of representative	President and Representative Director: Yasunori Yamanaka	
Capital	99 million yen	
Established	February 25, 1960	
Number of shares issued and outstanding	456,000shares	
Settlement of accounts	March 31 of each year	
Relationship with the concerned company	Capital Relationship	No relevant relationship
	Personnel Relationship	No relevant relationship
	Business Relationship	The concerned company is the buyer of pachinko, pachislot, amusement machines, etc. of the Group companies.

3. Number of shares to be transferred, transfer price and number of shares held before and after the transfer

Number of shares before the transfer	1 share (Number of voting rights: 1) (Shareholding ratio: 100%)
Number of shares to be transferred	1 share (Number of voting rights: 1)
Number of shares after the transfer	0 shares (Number of voting rights: 0) (Shareholding ratio: 0%)

Transfer price	Transfer price is undisclosed in accordance with an agreement with the transferee of the shares. Transfer price is calculated, after mutual consultation by both parties, based on the planned amount of net assets (book value) of the concerned company as of the end of March 2016 and with reasonable adjustment. It has also been judged as fair and appropriate at the Board of Directors meeting of SEGA Holdings which includes auditors, and thus we believe its rationality is secured.
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4. Schedule

Resolution at the Board of Directors meeting of SEGA Holdings	January 29, 2016
Conclusion of share transfer agreement	January 29, 2016
Date of the share transfer	April 1, 2016 (tentative date)

IV. Future outlook

The impact of the implementation of these measures on the Company's consolidated business results is minimal.

The Group will categorize all businesses into growth, maintain or withdraw/downsize fields based on their profitability, etc. after discussing improvement measures for the business process of each business, and then actions suitable for each field will be taken as soon as practicably possible. In line with the initiatives, we will continue to discuss further initiatives targeting all businesses and plan to present the entire overview at the time of announcement of full year results for the fiscal year ending March 2016 (scheduled in May 2016).

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