

(Translation)

January 25, 2005

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 Change of Sub-Subsidiary of the Company

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company") and SEGA CORPORATION ("Sega"), a subsidiary of the Company, at the meetings of their respective Boards of Directors held on January 24, 2005, adopted a resolution with regard to a contract for the assignment of all of the shares of, and all sports titles and intellectual property rights developed by Visual Concepts Entertainment, Inc. (Head office: California, U.S.A., President: Greg Thomas, hereinafter "Visual Concepts"), a subsidiary of Sega, to Take-Two Interactive Software, Inc. (Head office: New York, U.S.A., President: Paul Eibeler, hereinafter "Take-Two"), as described below:

Description

1. Name of the subsidiary, etc.

Trade name: SEGA CORPORATION  
Location of head office: 2-12, Haneda 1-chome, Ohta-ku, Tokyo  
Representative: Hisao Oguchi,  
President and Representative Director

2. Reason for the change of sub-subsidiary:

It has been resolved that all of the shares of, and all intellectual property rights with regard to the sports titles developed by, Visual Concepts, a household game software development subsidiary of Sega, a subsidiary of the Company, will be assigned to Take-Two, a major software development company in the United States.

This is part of the reorganization of its overseas development and marketing systems in the Medium-Term Business Plan of Sega Sammy Group publicized on September 16, 2004.

3. Method of the change:

1,143 issued shares (100%) of Visual Concepts held by Sega, a subsidiary of the Company, and the intellectual property rights with regard to the sports titles developed by Visual Concepts will be assigned.

4. Outline of the subsidiary to be assigned:

- (1) Trade name: Visual Concepts Entertainment, Inc.
- (2) Location of head office: California, U.S.A.
- (3) Representative: Greg Thomas
- (4) Establishment: December 1993
- (5) Content of business: Development of home-use game software
- (6) Accounting date: March 31 of each year
- (7) Capital: US\$3,008,000
- (8) Sales: US\$33,364,000

5. Schedule:

- January 24, 2005 Resolution of the Board of Directors
- January 24, 2005 Conclusion of a contract for the assignment of the shares of, and intellectual property rights with regard to the sports titles developed by Visual Concepts
- January 24, 2005 Date of delivery of shares

6. Outline of the assignee:

- (1) Trade name: Take-Two Interactive Software, Inc.
- (2) Location of head office: New York, U.S.A.
- (3) Establishment: September 1993
- (4) Content of business: Development and marketing of home-use game software
- (5) Representative: Paul Eibeler
- (6) Capital: US\$382,610,000 (including capital surplus) as of October 31, 2004
- (7) Sales: US\$1,127,751,000 for the year ended October 31, 2004

7. Price for the assignment:

US\$24,000,000

8. Numbers of shares and the shareholding ratios of Sega before and after the change:

	(Before the change)	(After the change)
1) Number of shares	1,143 shares	0 share
2) Shareholding ratio	100%	0%

9. Effect on consolidated business results of the Company:

The assignment will yield a profit on sale. However, the Company and Sega have not adjusted the forecasts of their business results on consolidated and non-consolidated bases for the year ending March 31, 2005, as publicized on November 10, 2004.

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