

(Translation)

October 26, 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: Michael Masakimi Hotta,
Executive Officer
(TEL: 03-6215-9955)

Notice of Business and Capital Tie-up with GINZA Co., Ltd.

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company") and Sammy Corporation (President and Representative Director: Toru Katamoto, Head office: Toshima-ku, Tokyo, hereinafter "Sammy"), a subsidiary of the Company, at the respective meetings of their Boards of Directors held on October 26, 2005, resolved that Sammy would enter into a business and capital tie-up for pachinko machine and pachislot machine businesses with GINZA Co., Ltd. (President and Representative Director: Tsuguhiro Ito, Head office: Nagoya City, Aichi Prefecture, hereinafter "GINZA"), which engages in the development, manufacture and sale of pachinko machines and pachislot machines, as described below:

Description

1. Purpose of the business tie-up:

In the pachislot machine market, Sammy, with its strong organizational system of development, manufacture and marketing, has continuously captured the largest share through multi-brand strategy under its own "Sammy brand", the "RODEO brand" of its subsidiary RODEO Corporation and units supply to K.K. Aristocrat Technologies and IGT-Japan K.K.

In the pachinko machine market, on the other hand, Sammy has continuously leveraged its development capabilities to improve its product qualities and raise awareness of its brand and expanded its market share. However, unlike its pachislot machine business, its pachinko machine business has its own "Sammy brand" only. To facilitate medium- and long-term growth, Sammy is urgently required to build a product strategy under which its products are characterized by several brands and to cultivate various sales channels.

Under these circumstances, upon request for business support and cooperation from

GINZA, which engages in the development, manufacture and sale of pachinko machines and pachislot machines, Sammy has determined to enter into a business and capital tie-up with GINZA. Consequently, Sammy will be able to further strengthen its pachislot machine business and also implement its multi-brand strategy in the pachinko business in cooperation with GINZA, which is expected to contribute greatly to its medium-term target of being among the leaders in the pachinko machine market.

To market "GINZA brand" products, GINZA and Sammy are making a study on incorporating a sales subsidiary.

2. Contents of the business tie-up:

- Acceptance and entrustment of development and manufacture of part of "GINZA brand products"
- Cooperation in sale of "GINZA brand products"

3. Outline of GINZA Co., Ltd.:

- (1) Trade name: GINZA Co., Ltd.
- (2) Representative: Tsuguhiro Ito
- (3) Location of head office: 10-15, Daiko 1-chome, Higashi-ku, Nagoya City, Aichi Prefecture
- (4) Establishment: October 27, 1971
- (5) Contents of business: Development, manufacture and sale of pachinko machines and pachislot machines
- (6) Settlement of accounts: September 30 of each year
- (7) Number of employees: 13
- (8) Capital: 10 million yen
- (9) Total number of issued shares 200 shares
- (10) Principal shareholder and shareholding ratio: Tsuguhiro Ito (100%)
- (11) Operating results for the recent business years:

	(million yen)	
	Year ended September 30, 2003	Year ended September 30, 2004
Net Sales	532	282
Ordinary income	(346)	(56)

4. Transferor of the shares:

Tsuguhiro Ito 98 shares

5. Number of shares acquired and the numbers of shares held before and after the acquisition:

Number of shares before the acquisition: 0 share (Shareholding ratio: 0%)

Number of shares acquired: 98 shares

Number of shares after the acquisition: 98 shares (Shareholding ratio: 49%)

6. Schedule:

October 26, 2005: Resolution of the Board of Directors

October 26, 2005: Conclusion of a contract for the transfer of shares

October 26, 2005: Conclusion of a contract for business tie-up

7. Effect on operating results:

As the business tie-up will have no significant effect on the whole-year operating results for the business year ending March 31, 2006, no amendment thereto is made to the forecasts of operating results of the Company.

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