

(Translation)

May 24, 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 SEGA SAMMY HOLDINGS' Medium-Term Business Plan

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the "Company") has updated its medium-term business plan (from the year ended March 31, 2005 to the year ending March 31, 2007) publicized on October 1, 2005, by reflecting the effect of the management integration of SEGA CORPORATION ("Sega") and Sammy Corporation ("Sammy") and taking into account the recent operating results, as described below:

Description

1. Consolidated Medium-Term Business Plan of SEGA SAMMY HOLDINGS INC.:

Updated Consolidated Medium-Term Business Plan

(billion yen)

		Year ending March 31, 2006 (from April 1, 2005 to March 31, 2006)	Year ending March 31, 2007 (from April 1, 2006 to March 31, 2007)	Year ending March 31, 2008 (from April 1, 2007 to March 31, 2008)
Net Sales	Pachislot and pachinko business	284.0	330.0	371.0
	Amusement equipment business	68.0	75.0	90.0
	Amusement facility business	106.0	120.0	134.0
	Consumer business	85.0	125.0	165.0
	Other businesses	24.0	30.0	40.0
Total		567.0	680.0	800.0
Ordinary Income		100.0	140.0	165.0
Net Income		56.0	85.0	90.0

* The business related to contents for cellular phones, which was included in the media contents and other businesses in the medium-term-business plan publicized on October 1, 2004, is included in the consumer business in the updated medium-term business plan since it is closely related to the consumer business.

(For reference)

Consolidated Medium-Term Business Plan Publicized on October 1, 2004

(billion yen)

		Year ending March 31, 2006 (from April 1, 2005 to March 31, 2006)	Year ending March 31, 2007 (from April 1, 2006 to March 31, 2007)	Year ending March 31, 2008 (from April 1, 2007 to March 31, 2008)
Net Sales	Pachislot and pachinko business	256.0	313.0	-
	Amusement equipment business	73.3	80.2	-
	Amusement facility business	91.0	96.0	-
	Consumer business	72.4	76.9	-
	Media contents and other businesses	47.2	58.8	-
Total		540.0	625.0	-
Ordinary Income		93.0	122.0	-
Net Income		51.0	68.0	-

2. Management policy of Sega Sammy Group:

On October 1, 2004, Sega and Sammy established their holding company SEGA SAMMY HOLDINGS INC., the Company, to integrate management resources and maximize their corporate values to establish a stronger status as a global integrated entertainment company and made a new start as Sega Sammy Group.

Sega Sammy Group engages in integrated entertainment businesses comprised of pachislot and pachinko business, amusement equipment business, amusement facility business and a consumer business.

Sega Sammy Group, with its businesses targeting the whole world as a market, will make efficient and mutual use of contents and resources within the Group to the fullest and develop businesses targeting whole generations. The Group will fortify its presence in all its business areas and become the No. 1 integrated entertainment company in the world, whereby meeting all expectations of the people who put their confidence in Sega Sammy Group.

3. Major tasks of each business division:

(1) Pachislot and pachinko business:

- Continue to win the largest share in the pachislot machine market by launching differential products
- Increase its share in the pachinko machine market by further strengthening development capabilities and launching strategic products
- Provide "Total Hall Services" through peripherals, hall designs and further development of new undertakings

(2) Amusement equipment business:

- Launch innovative products by strengthening development capabilities
- Develop a fuller line of products covering whole categories of equipment in amusement facilities
- Expand overseas marketing channels

(3) Amusement facility business:

- Improve profitability by differentiating the existing facilities and deploying complex facilities with new concepts
- Create a new market for selling cards, including *The King of Beetle "MUSHIKING"* cards
- Utilize SEGA SAMMY ASSET MANAGEMENT INC. to diversify investment risks involving opening new facilities
* (Please refer to the attachment hereto for the outline of SEGA SAMMY ASSET MANAGEMENT INC.)

(4) Consumer business:

- Strictly specify schedules, costs and quality control, and clarify business

- responsibilities, by each title project
- Improve the overseas development and marketing systems
 - Optimize hit contents possessed within the Group

- END -

Notice on the medium-term business plan:

The medium-term business plan is prepared based on the information available to management as of the date hereof. You should be aware that actual results may differ from the projected figures for a variety of factors in the future.

(Attachment)

As publicized on November 11, 2004, the Company has made a study of establishing a financial company responsible for investing and financing functions of the Group for the purpose of efficient use of cash flows and diversification of risks of investments in amusement facility development projects and established SEGA SAMMY ASSET MANAGEMENT INC., as described below to commence fund business principally focused on real estate.

By creating a fund for an investment by the amusement facility business of Sega Sammy Group, the Group intends to materialize careful examination and evaluation of cash flows of such investment and diversification of investment risks.

Outline of SEGA SAMMY ASSET MANAGEMENT INC.:

1. Trade Name:	SEGA SAMMY ASSET MANAGEMENT INC.
2. Location:	Fuji Bldg., 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo
3. Establishment:	January 21, 2005
4. Employee:	4
5. Officers:	President and Representative Director: Keiichiro Hashimoto Senior Managing Director: Akihiko Yokoyama Director: Keishi Nakayama Director: Koichi Fukazawa Corporate Auditor: Mitsuaki Katori
6. Main Business:	Business of advance investigation and consulting in respect of investment in real estate and receivables Business of consulting in respect of management, sale and liquidation of real estate and receivables Business of provision of information on investment in real estate and receivables and surveys and analyses in respect of the real estate market Acceptance of management of real estate and receivables and lease of real estate Appraisal and evaluation of real estate and receivables Real estate transaction business Real estate investment advisory business Investment advisory business
7. Capital:	¥100 million
8. Principal shareholder and shareholding ratio:	SEGA SAMMY HOLDINGS INC.: 100%