

(Translation)

December 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 Incorporation of Sales Company for "Ginza" Brand Products

Notice is hereby given that Sammy Corporation (President and Representative Director: Toru Katamoto, Head office: Toshima-ku, Tokyo, hereinafter "Sammy"), a subsidiary of SEGA SAMMY HOLDINGS INC. (the "Company"), at the meeting of its Board of Directors held on December 26, 2005, resolved that it would, jointly with GINZA CORPORATION (President and Representative Director: Tsuguhiro Ito, Head office: Nagoya City, Aichi Prefecture, hereinafter "Ginza"), incorporate a sales company to market "Ginza" brand pachinko machines and pachislot machines, as described below:

Description

1. Purpose of the incorporation of the sales company:

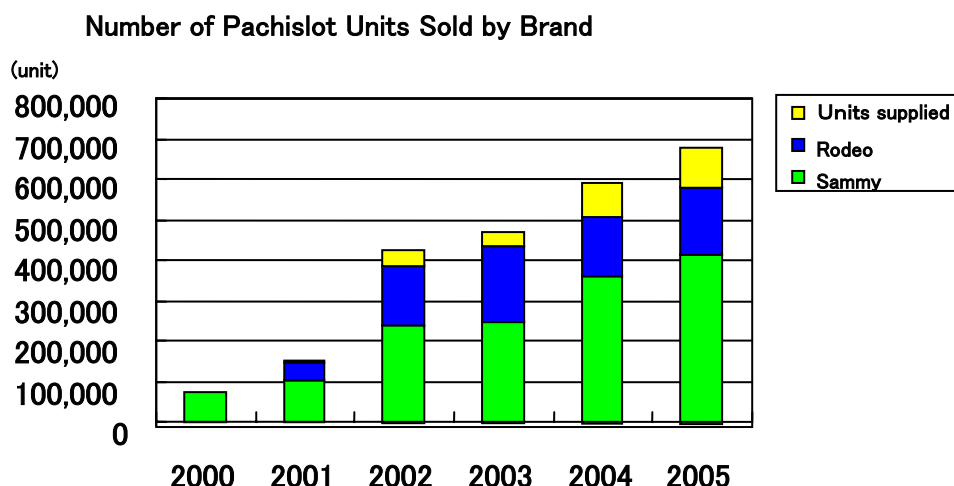
As publicized on October 26, 2005, Sammy has entered into a business and capital tie-up for pachinko machine and pachislot machine businesses with Ginza, which engages in the development, manufacture and sale of pachinko machines and pachislot machines. Ginza and Sammy, which have been making a study on incorporating a joint sales company, have determined to incorporate a company called GINZA HANBAI CORPORATION which will market "Ginza brand" products.

Through the business and capital tie-up with Ginza, Sammy intends to give full support to Ginza in developing "Ginza brand" products and simultaneously cooperate with Ginza in improving productivity, including additions to and refurbishment of the plants of Ginza, whereby having the capacity to manufacture at least 1,000 units a day. GINZA HANBAI CORPORATION will be incorporated to market "Ginza brand" products on a full scale nationwide through its new sales channel covering seven major cities in Japan (Sapporo, Sendai, Tokyo, Nagoya, Osaka, Hiroshima and Fukuoka).

Sammy has continuously strengthened the development, sale and manufacture of its own products, as well as those of its subsidiary RODEO Corporation. The deployment of "Ginza

brand" products and the establishment of a new sales channel covering the whole nation will enable Sammy to increase sales of "Ginza brand" products in parallel with the development of the business of Sammy brand and RODEO brand products, whereby generating a new profit-making source.

In the pachislot machine market, Sammy has captured the overwhelmingly largest share through its multi-brand strategy, under which Sammy started to market products of its subsidiary RODEO in 2001 and supply units to K.K. Aristocrat Technologies in 2002 and to IGT-Japan K.K. in 2004.



Through the business and capital tie-up with Ginza, Sammy will be able to implement its multi-brand strategy in the pachinko machine business as well as in the pachislot machine business and through its product strategy by brand and the utilization of the marketing channels, Sammy intends to materialize its medium-term target of being among the leaders in the pachinko machine market.

Ginza, in cooperation with Sammy, has completed the development of a "Ginza brand" title for pachinko machines, which has been applied for a model test and will be launched as soon as the approval from the competent authorities is obtained.

2. Outline of the sales company:

Trade name:	GINZA HANBAI CORPORATION	
Representative:	Katsuya Kondo	
Incorporation:	December 26, 2005	
Location of head office:	SunShine 60, 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo	
Principal business:	Sales of pachinko machines and pachislot machines	
Capital:	¥10 million	
Shareholders and their shareholding ratios:	Sammy Corporation	80%
	GINZA CORPORATION:	10%
	Tsuguhiro Ito:	10%

3. Schedule:

December 26, 2005: Resolution of the Board of Directors of Sammy

December 26, 2005: Incorporation of the sales company

4. Effect on operating results:

As the incorporation of the sales company will have no significant effect on the operating results of the Company for the business year ending March 31, 2006, no amendment is made to the forecasts of operating results of the Company.

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