

(Translation)

January 28, 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-Subsidiaries (Pachislot Pachinko Business) in Connection with  
Restructuring of Operations of Sega Sammy Group by Business Category

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company"), at the meeting of its Board of Directors held on January 28, 2005, resolved that Sammy Corporation (President and Representative Director: Kenkichi Yoshida; "Sammy") should acquire all of the shares of Sammy Design Co., Ltd. (President and Representative Director: Toru Katamoto; "Sammy Design") held by Shuko Electronics Co., Ltd. (President and Representative Director: Takeo Ogino) to make Sammy Design a wholly owned subsidiary of Sammy and further that Sammy similarly should acquire all of the issued shares of Agora Design Co., Ltd. (President and Representative Director: Hidehiko Kawatsure; "Agora Design"), which engages in store designs and drafting, to make Agora Design a wholly owned subsidiary of Sammy, as described below:

Description

1. Reason for the acquisition of shares:

Sammy will carry out the development, manufacture and sale of pachislot and pachinko machines, as well as general pachislot pachinko business, including the development and sale of peripheral equipment and designs and drafting of pachinko halls, whereby further leveraging performance and contributing to the development of the industry as a leading company.

By the acquisition of the shares, Sammy will make Sammy Design and Agora Design its subsidiaries to strengthen its pachinko hall design business.

For the purpose of more efficient business development, the Company will study the possibility of management integration of Sammy Design and Agora Design in the future.

2. Outline of the sub-subsidiaries concerned:

Sammy Design Co., Ltd.

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|--|---|
| (1) Trade name:  | Sammy Design Co., Ltd.  |
| (2) Representative:  | Toru Katamoto,<br>President and Representative Director   |
| (3) Location:  | 23-2, Higashi Ikebukuro 2-chome,<br>Toshima-ku, Tokyo   |
| (4) Date of Incorporation:   | October 12, 2001  |
| (5) Main contents of business:   | Drafting and design of pachinko halls and<br>offices and sales of peripheral office<br>machines |
| (6) Date of closing of accounts:   | March 31 of each year   |
| (7) Employees:   | 21 persons  |
| (6) Capital:   | ¥40 million   |
| (9) Total number of issued shares:   | 800 shares  |
| (10) Total assets:   | ¥3,427 million  |
| (11) Principal shareholder and<br>shareholding ratio:  | Shuko Electronics Co., Ltd.: 100%   |
| (12) Business results for the most<br>recent fiscal year (the year ended<br>March 31, 2004): | Sales: ¥1,811 million<br>Ordinary profit: ¥112 million  |

Agora Design Co., Ltd.

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|---|---|
| (1) Trade name  | Agora Design Co., Ltd.  |
| (2) Representative:                                   | Hidehiko Kawatsure,<br>President and Representative Director              |
| (3) Location:   | 26-11, Otowa 1-chome, Bunkyo-ku, Tokyo                                    |
| (4) Date of Incorporation:                            | March 13, 2000  |
| (5) Main contents of business:                        | Planning, design, drafting and supervision of<br>interior finishing works |
| (6) Date of closing of accounts:                      | End of February of each year  |
| (7) Employees:  | 5 persons   |
| (6) Capital:  | ¥13 million   |
| (9) Total number of issued shares:                    | 249 shares  |
| (10) Total assets:                                    | ¥180 million  |
| (11) Principal shareholder and<br>shareholding ratio: | Hidehiko Kawatsure: 100%  |

(12) Business results for the most recent fiscal year (the year ended February 29, 2004):

Sales: ¥634 million

Ordinary profit: ¥1 million

3. Number of shares to be acquired and the state of shareholdings before and after the acquisition:

Sammy Design Co., Ltd.

	Before the change	After the change
(1) Number of voting rights held by Sammy	(800 rights)	800 rights
(Number of shares held by Sammy)	(800 shares)	800 shares
(2) Total number of voting rights	800 rights	800 rights
(Number of issued shares)	800 shares	800 shares
(3) Ratio to the total number of voting rights	(100%)	100%
(Ratio to the number of issued shares)	(100%)	100%

(Note) Since Sammy Design Co., Ltd. is a 100% subsidiary of Shuko Electronics Co., Ltd., which is a 100% subsidiary of Sammy Corporation, the number of voting rights held by Sammy and the number of shares held by Sammy before the acquisition are 100% indirectly held by Sammy, respectively.

Agora Design Co., Ltd.

	Before the change	After the change
(1) Number of voting rights held by Sammy	0 right	249 rights
(Number of shares held by Sammy)	0 share	249 shares
(2) Total number of voting rights	249 rights	249 rights
(Number of issued shares)	249 shares	249 shares
(3) Ratio to the total number of voting rights	0%	100%
(Ratio to the number of issued shares)	0%	100%

4. Acquisition prices:

Shares of Sammy Design Co., Ltd. ¥301,600,000 (800 shares x ¥377,000)

Shares of Agora Design Co., Ltd. ¥99,600,000 (249 shares x ¥400,000)

5. Contents and schedule of the change:

- (1) Contents: Sammy will acquire 800 shares of Sammy Design from Shuko Electronics Co., Ltd. and 249 shares of Agora Design from Mr. Hidehiko Kawatsure.
- (2) Schedule: January 28, 2005 Resolutions of the Boards of Directors of the Company and Sammy (for the acquisition of shares)  
January 28, 2005 Signing of share transfer agreements

6. Effect on business results in the future:

The change will have no significant effect on consolidated business results for the current fiscal year (ending March 31, 2005).

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