

# Fiscal Year 2008 Interim Results

November 12, 2007  
Sega Sammy Holdings Inc

**[Disclaimer]**

**The contents of this material and comments made during the questions and answers etc of this briefing session are the judgment and projections of the Company's management based on currently available information.**

**These contents involve risk and uncertainty and the actual results may differ materially from these contents/comments.**

## FY 2008 Interim Results

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## ■ Net Sales ▪ Profits

Nets Sales: 231.0 Billion Yen

Operating Loss: 4.3 Billion Yen

Interim Net Loss: 20.2 Billion Yen

Decreased sales and profits from prior year

## ■ Segment Overviews

Pachinko Pachislot : Net sales and profit lag with an increased proportion of rental and slow approvals in Pachislot and the delay of new title releases in Pachinko

Amusement Machines : While sales and profits were lower compared with the prior years period which had been impacted by the introduction of large scale machines, sales of machines introduced in the last fiscal year held up well

Amusement Facilities : Same store sales lower than the prior year  
Kids card game “Dinosaur King” sells well, but results below prior year

Consumer Business : Unit sales overseas ahead of last years results, but below plan. Domestic unit sales below both last year’s levels and forecasts. R&D up compared to last year due to global buildout.



## Consolidated Income Statement (Condensed)

| JPY Billion                | FY 2007         | FY 2008         |                |                       |                  |
|----------------------------|-----------------|-----------------|----------------|-----------------------|------------------|
|                            | Interim Results | Interim Results | Year over Year | Revised Forecast 10/5 | Initial Forecast |
| Net Sales                  | 283.5           | <b>231.0</b>    | -18.5%         | 230.0                 | 310.0            |
| Operating Income           | 62.9            | <b>-4.3</b>     | -              | -7.0                  | 14.0             |
| Ordinary Income            | 66.0            | <b>-3.9</b>     | -              | -6.5                  | 13.0             |
| Net Income                 | 37.9            | <b>-20.2</b>    | -              | -21.5                 | -5.0             |
| Net Assets per Share (Yen) | 1,362.68        | 1,196.21        | -              | -                     | -                |
| EPS (Yen)                  | 150.80          | -80.44          | -              | -                     | -19.85           |

# Consolidated Balance Sheets (Condensed)

| Assets                      |                    |                      |                | Liabilities and Net Assets              |                    |                      |               |
|-----------------------------|--------------------|----------------------|----------------|---|--------------------|----------------------|---------------|
| Account                     | Prior <sup>1</sup> | Current <sup>2</sup> | Change         | Account                                 | Prior <sup>1</sup> | Current <sup>2</sup> | Change        |
| Cash and Equivalents        | 146.6              | 136.5                | (10.0)         | Payables                                | 71.4               | 71.2                 | (0.2)         |
| Receivables                 | 83.4               | 65.4                 | (18.0)         | Short Term Loans                        | 29.2               | 28.4                 | (0.7)         |
| Marketable Securities       | 0.9                | 1.9                  | 0.9            | Other                                   | 52.3               | 60.4                 | 8.1           |
| Inventories                 | 40.1               | 40.4                 | 0.3            |   |                    |                      |               |
| Other                       | 40.9               | 46.6                 | 5.6            | <b>Total Current Liabilities</b>        | <b>153.0</b>       | <b>160.1</b>         | <b>7.1</b>    |
|                             |                    |                      |                | Corporate Bonds                         | 15.6               | 10.2                 | (5.4)         |
| <b>Total Current Assets</b> | <b>312.1</b>       | <b>291.0</b>         | <b>(21.0)</b>  | Long Term Debt                          | 1.1                | 3.3                  | 2.2           |
| Tangible Fixed Assets       | 111.8              | 112.1                | 0.2            | Other                                   | 21.2               | 20.9                 | (0.3)         |
| Intangible Fixed Assets     | 25.2               | 21.7                 | (3.5)          |   |                    |                      |               |
| Investment Securities       | 63.4               | 49.0                 | (14.4)         | <b>Long Term Liabilities</b>            | <b>38.0</b>        | <b>34.4</b>          | <b>(3.5)</b>  |
| Other                       | 37.1               | 42.3                 | 5.2            | <b>Total Liabilities</b>                | <b>191.0</b>       | <b>194.6</b>         | <b>3.5</b>    |
|                             |                    |                      |                | Shareholder's Equity                    | 348.5              | 319.8                | (28.6)        |
|                             |                    |                      |                | Valuation and Translation Adjustments   | (10.4)             | (18.5)               | (8.0)         |
|                             |                    |                      |                | Warrants                                | 0.4                | 0.8                  | 0.3           |
|                             |                    |                      |                | Minority Interest                       | 20.3               | 19.6                 | (0.7)         |
|                             |                    |                      |                |   |                    |                      |               |
| <b>Total Fixed Assets</b>   | <b>237.7</b>       | <b>225.3</b>         | <b>(124.0)</b> | <b>Net Assets</b>                       | <b>358.8</b>       | <b>321.8</b>         | <b>(37.0)</b> |
| <b>Total Assets</b>         | <b>549.9</b>       | <b>516.4</b>         | <b>(334.0)</b> | <b>Total Net Assets and Liabilities</b> | <b>549.9</b>       | <b>516.4</b>         | <b>(33.4)</b> |

## Topics

- Total Assets shrink by 33.4 billion Yen due to decrease in receivables and investment securities
- Net Assets decrease by 37.0 billion Yen due to interim net loss and dividends paid

<sup>1</sup> as of March 31, 2007

<sup>2</sup> as of September 30, 2007

# Consolidated Cash Flows

| (JPY Billions)   | End FY 2007 | End FY 2008 Interim |
|--|-------------|---------------------|
| Cash Flows from Operations   | 60.6        | 8.2                 |
| Cash Flows from Investing  | -75.3       | -10.1               |
| Cash Flows from Financing  | -1.7        | -7.5                |
| Exchange Rate Effects on Cash and Cash Equivalents                       | 0.7         | -0.0                |
| Change in Cash and Cash Equivalents                                      | -15.7       | -9.5                |
| Beginning Cash and Cash Equivalents                                      | 160.0       | 144.8               |
| Change in Cash and Cash Equivalents from Newly Consolidated Subsidiaries | 0.5         | 0.0                 |
| Change in Cash and Cash Equivalents due to Merger                        | -           | -0.1                |
| Endings Cash and Cash Equivalents  | 144.8       | 135.2               |

## Topics

### 【Major Impacting Factors】

Operating Cash Flow : Pre-tax loss of 8.5 billion Yen, shrink in receivables of 18.1 billion Yen, payment of corporate tax of 12.1 billion Yen and tax reimbursement of 6.3 billion Yen

Cash Flow from Investments: Acquisition of 14.4 billion Yen in tangible assets, distributions from investment partnerships of 5.8 billion Yen

Cash Flow from Financing : Payment of dividend of 7.5 billion Yen

# Results by Segment

| (JPY Billions) |                             | FY 2007         | FY 2008         |                |                       |                  |
|----------------|-----------------------------|-----------------|-----------------|----------------|-----------------------|------------------|
|                |                             | Interim Results | Interim Results | Year over Year | Revised Forecast 10/5 | Initial Forecast |
|                |                             |                 |                 |                |                       |                  |
| Breakout       | <b>Net Sales</b>            | 283.5           | 231.0           | -18.5%         | 230.0                 | 310.0            |
|                | <b>Pachinko Pachislot</b>   | 145.0           | 99.7            | -31.2%         | -                     | 168.0            |
|                | <b>Amusement Machines</b>   | 34.6            | 34.3            | -0.8%          | -                     | 34.5             |
|                | <b>Amusement Facilities</b> | 53.5            | 47.9            | -10.4%         | -                     | 52.0             |
|                | <b>Consumer</b>             | 40.7            | 41.2            | +1.2%          | -                     | 46.5             |
|                | <b>Other</b>                | 9.6             | 7.7             | -19.7%         | -                     | 9.0              |
| Breakout       | <b>Operating Income</b>     | 62.9            | -4.3            | -              | -7.0                  | 14.0             |
|                | <b>Pachinko Pachislot</b>   | 63.7            | 12.1            | -80.9%         | -                     | 36.9             |
|                | <b>Amusement Machines</b>   | 6.6             | 1.8             | -71.5%         | -                     | 0.2              |
|                | <b>Amusement Facilities</b> | 2.9             | -2.2            | -              | -                     | -2.4             |
|                | <b>Consumer</b>             | -6.7            | -12.5           | -              | -                     | -15.6            |
|                | <b>Other</b>                | -0.4            | -0.2            | -              | -                     | -0.4             |
|                | <b>Pachinko Pachislot</b>   | -3.2            | -3.4            | -              | -                     | -4.7             |

# Segment Breakout: Pachinko Pachislot

| (JPY Billions)          | FY 2007         | FY 2008         |                |                  |
|-------------------------|-----------------|-----------------|----------------|------------------|
|                         | Interim Results | Interim Results | Year over Year | Initial Forecast |
| <b>Net Sales</b>        | 145.0           | <b>99.7</b>     | -31.2%         | 168.0            |
| Pachislot               | 123.4           | <b>78.8</b>     | -36.1%         | 132.0            |
| (Rental Portion)        | (1.5)           | <b>(17.9)</b>   | (+1047.0%)     | (10.5)           |
| Pachinko                | 16.1            | <b>14.1</b>     | -12.4%         | 29.1             |
| Peripherals and Other   | 5.5             | <b>6.8</b>      | +23.6%         | 6.9              |
| <b>Operating Income</b> | 63.7            | <b>12.1</b>     | -80.9%         | 36.9             |
| <b>Operating Margin</b> | 43.9%           | <b>12.1%</b>    | -31.8 points   | 21.9%            |

| Summary of Interim Results |   |
|----------------------------|---|
| <b>Pachislot</b>           | <ul style="list-style-type: none"> <li>■ We continued to aggressively develop titles which led to delays in approvals, particularly in the Sammy Brand               <ul style="list-style-type: none"> <li>⇒ Titles and units down relative to prior year</li> </ul> </li> <li>■ Shipments of “Pachislot Hokuto no Ken 2” fall short of 120k, rental rate at 58%               <ul style="list-style-type: none"> <li>⇒ With the increased impact of rental, units prices fell</li> </ul> </li> <li>■ Subsidiary brands perform well               <ul style="list-style-type: none"> <li>⇒ Ginza “Ring ni Kakeru1” and “Pachislot Urusei Yatsura”</li> <li>⇒ RODEO “Devil May Cry 3”</li> </ul> </li> </ul> |
| <b>Pachinko</b>            | <ul style="list-style-type: none"> <li>■ Strong sales of “Sakura Taisen”</li> <li>■ 1 title slips into second half in order to increase quality               <ul style="list-style-type: none"> <li>⇒ Sales were below last year’s results and plan</li> </ul> </li> </ul>   |

# Segment Breakout: Pachinko Pachislot

## Shipment Data: Pachislot

| Brand                   | FY 2007                         | FY 2008                          |                                 |
|-------------------------|---------------------------------|----------------------------------|---------------------------------|
|                         | Interim Results                 | Interim Results                  | Initial Interim Forecasts       |
| Sammy                   | 2 titles                        | 5 titles                         | 4 titles                        |
|                         | 333,119 units                   | 147,819 units                    | 255,000 units                   |
| RODEO                   | 1 title                         | 3 titles                         | 4 titles                        |
|                         | 24,480 units                    | 58,336 units                     | 93,000 units                    |
| GINZA                   | -                               | 2 titles                         | 3 titles                        |
|                         | -                               | 76,166 units                     | 63,000 units                    |
| Unit Supply             | 2 titles                        | 6 titles                         | 10 titles                       |
|                         | 3,003 units                     | 28,175 units                     | 75,000 units                    |
| Total<br>(Rental Units) | 5 titles                        | 16 titles                        | 21 titles                       |
|                         | 360,602 units<br>(13,125 units) | 310,496 units<br>(109,342 units) | 486,000 units<br>(51,000 units) |

## Major Pachislot Titles

| Brand       | Title                     | Sales         | Sold From    |
|-------------|---------------------------|---------------|--------------|
| Sammy       | Pachislot Hokuto no Ken 2 | 116,583 units | July         |
|             | Disk Up Alternative       | 15,491 units  | June         |
| RODEO       | Devil May Cry 3           | 48,723 units  | June         |
| GINZA       | Pachislot Urusei Yatsura  | 27,538 units  | May          |
|             | Ring ni Kakero 1          | 46,698 units  | Prior Period |
| Unit Supply |                           | 28,175 units  | -            |

\* The number of titles refers to the number of titles that began sales within the period

\* Unit supply refers to the supply of units to other companies

## Shipment Data: Pachinko

| Brand | FY 2007         | FY 2008         |                           |
|-------|-----------------|-----------------|---------------------------|
|       | Interim Results | Interim Results | Initial Interim Forecasts |
| Sammy | 5 titles        | 1 title         | 3 titles                  |
|       | 64,086 units    | 51,931 units    | 102,000 units             |
| GINZA | 2 titles        | 1 title         | 2 titles                  |
|       | 17,124 units    | 4,710 units     | 25,000 units              |
| Total | 7 titles        | 2 titles        | 5 titles                  |
|       | 81,210 units    | 56,641 units    | 127,000 units             |

## Major Pachinko Titles

| Brand | Title              | Sales        | Sold From    |
|-------|--------------------|--------------|--------------|
| Sammy | CR Aladdin Destiny | 7,347 units  | Prior Period |
| GINZA | CR Sakura Taisen   | 41,361 units | August       |

\* The number of titles refers to the number of titles that began sales within the period

| (JPY Billions)          | FY 2007         | FY 2008         |                |                          |
|-------------------------|-----------------|-----------------|----------------|--------------------------|
|                         | Interim Results | Interim Results | Year over Year | Initial Interim Forecast |
| <b>Net Sales</b>        | 34.6            | <b>34.3</b>     | -0.8%          | 34.5                     |
| Domestic                | 31.4            | <b>28.0</b>     | -10.8%         | 27.5                     |
| Overseas                | 3.1             | <b>6.3</b>      | +103.2%        | 7.0                      |
| <b>Operating Income</b> | 6.6             | <b>1.8</b>      | -71.5%         | 0.2                      |
| <b>Operating Margin</b> | 19.0%           | <b>5.2%</b>     | -13.8 points   | 0.5%                     |

## Interim Highlights

- While a lack of introduction of new titles led to lower sales and profits, titles from prior period continue to sell well
  - ⇒ “to Amigyo” “Star Horse 2 Second Fusion” “Sangokushi Taisen 2” “Initial D ARCADE STAGE 4”
- Prize business below comparable period
- Results in the overseas business above the prior year period, but failed to meet expectations due to poor results in prize related businesses and the “UFO catcher” series

## Major Products

| Major Titles<br>FY 2008 Interim Period | Sales Results                            |
|--|--|
| Sangokushi Taisen 2                    | Body: 166 Units<br>Satellite: 664        |
| Star Horse 2 Second Fusion             | Body: 62 Units<br>Satellite: 694 Units   |
| to Amigyo                              | CVT KIT: 672 Units<br>Full Kit: 89 Units |
| Initial D ARCADE STAGE 4               | Satellite: 848 Units                     |

# Segment Breakout: Amusement Facilities

| (JPY Billions)              | FY 2007         | FY 2008         |                    |                  |
|-----------------------------|-----------------|-----------------|--------------------|------------------|
|                             | Interim Results | Interim Results |                    | Initial Forecast |
|                             |                 | Year over Year  |                    |                  |
| <b>Net Sales</b>            | 53.5            | <b>47.9</b>     | -10.4%             | 52.0             |
| (Overseas)                  | 4.3             | <b>6.1</b>      | +41.9%             | 6.1              |
| <b>Operating Income</b>     | 2.9             | <b>-2.2</b>     | -                  | -2.4             |
| <b>Operating Margin</b>     | 5.4%            | <b>-</b>        | -                  | -                |
| <b>Existing Store Sales</b> | +0.2%           | <b>-11.0%</b>   | -11.2 points       | -3.5%            |
| <b>Domestic Facilities</b>  | 463             | <b>433</b>      | 30 store reduction | 431              |
| Facilities Opened           | 10              | <b>6</b>        | -                  | 13               |
| Facilities Closed           | 9               | <b>22</b>       | -                  | 31               |
| <b>Segment Depreciation</b> | 8.2             | <b>7.7</b>      | -6.0%              | 5.8              |
| <b>Segment Cap-ex</b>       | 11.8            | <b>8.7</b>      | -26.2%             | 8.0              |

## Interim Results

- Same store sales comps: -11.0%  
⇒ Below interim plan of -3.5%
- Kids Cards slightly below plan with 47 million cards shipped (prior year comparable period 137 Million)  
⇒ “Dinosaur King” performs well due to favorable media mix  
    “Love and Berry” below prior year period’s results and initial plan
- Certain costs (related to the Minato Mirai project) were not realized in the period thereby leading to an operating loss was in line with plan

[Memo]

# Segment Breakout: Consumer Business

| (JPY Billions)                    | FY 2007         | FY 2008         |                |                  |
|-----------------------------------|-----------------|-----------------|----------------|------------------|
|                                   | Interim Results | Interim Results | Year over Year | Initial Forecast |
| <b>Net Sales</b>                  | 40.7            | <b>41.2</b>     | +1.2%          | 46.5             |
| Entertainment Software            | 20.8            | <b>19.7</b>     | -5.3%          | 23.1             |
| Network/Other                     | 19.9            | <b>21.5</b>     | +8.0%          | 23.4             |
| <b>Operating Income</b>           | -6.7            | <b>-12.5</b>    | -              | -15.6            |
| <b>Operating Margin</b>           | -               | -               | -              | -                |
| <b>Segment R&amp;D</b>            | 11.7            | <b>16.4</b>     | +40.1%         | 21.6             |
| <b>Sales in Units (thousands)</b> | 5750            | <b>4910</b>     | -14.6%         | 6340             |

## Interim Results

- Domestic video game software below prior year's results and initial plan
  - Overseas sales of video games above prior year's totals, but below plan
  - R&D costs rise by JPY 4.7 billion as the build out of a global R&D system continues
- ⇒ However, some of these expenses were deferred and as a result the interim loss was less than plan

# Segment Breakout: Consumer Business

## Sales Results

| Region Breakout |        | FY 2007         |            | FY 2008         |            |              |            |
|-----------------|--------|-----------------|------------|-----------------|------------|--------------|------------|
|                 |        | Interim Results |            | Interim Results |            | Initial Plan |            |
|                 |        | Titles          | Units Sold | Titles          | Units Sold | Titles       | Units Sold |
| Breakout        | Japan  | 28              | 1800       | 14              | 930        | 14           | 1650       |
|                 | US     | 11              | 2360       | 7               | 1720       | 13           | 2070       |
|                 | Europe | 14              | 1590       | 11              | 2270       | 12           | 2620       |
| Total           |        | 53              | 5750       | 32              | 4910       | 39           | 6340       |

| Region | Platform                   | FY 2008 Interim Period Major Releases           | Unit Sales |
|--------|----------------------------|---|------------|
| Japan  | NDS/Wii/<br>PSP/PS2        | Puyo Puyo                                       | 161.5      |
|        | PS2                        | Shining Wind                                    | 141.9      |
|        | NDS                        | Mushiking Super Collection                      | 95.1       |
| US     | NDS                        | Sonic Rush Adventure                            | 144.3      |
|        | NDS                        | Super Monkey Ball<br>Touch & Roll               | 143.4      |
|        | PS2/Xbox/<br>GC/PC         | Sonic Mega Collection                           | 138.3      |
| Europe | PS3/<br>Xbox360/<br>PC/PSP | Sega Rally Revo                                 | 646.0      |
|        | NDS                        | Sonic Rush Adventure                            | 234.8      |
|        | PC                         | Medieval 2: Total War<br>Kingdom Expansion Pack | 174.4      |

\* Sales units in thousands

| Platform Breakout |           | FY 2007         |            | FY 2008         |            |              |            |
|-------------------|-----------|-----------------|------------|-----------------|------------|--------------|------------|
|                   |           | Interim Results |            | Interim Results |            | Initial Plan |            |
|                   |           | Titles          | Units Sold | Titles          | Units Sold | Titles       | Units Sold |
| Breakout          | PS2       | 20              | 1450       | 6               | 250        | 4            | 540        |
|                   | GC        | 2               | 140        | 0               | 0          | 0            | 0          |
|                   | XBox      | 1               | 10         | 0               | 0          | 0            | 0          |
|                   | PS3       | 0               | 0          | 1               | 210        | 2            | 330        |
|                   | Wii       | 0               | 0          | 4               | 180        | 4            | 410        |
|                   | Xbox360   | 6               | 430        | 1               | 210        | 6            | 680        |
|                   | NDS       | 5               | 280        | 10              | 650        | 10           | 1130       |
|                   | PSP       | 12              | 680        | 7               | 460        | 8            | 770        |
|                   | GBA       | 0               | 0          | 0               | 0          | 0            | 0          |
|                   | PC        | 7               | 270        | 3               | 350        | 5            | 390        |
|                   | Catalogue | -               | 2480       | 0               | 2600       | -            | 2090       |
| Total             |           | 53              | 5750       | 32              | 4910       | 39           | 6340       |

# Listed Subsidiaries Interim Results



## Sammy NetWorks

| (JPY Billions)   | FY 2007         | FY 2008         |                |                  |
|------------------|-----------------|-----------------|----------------|------------------|
|                  | Interim Results | Interim Results | Year over Year | Initial Forecast |
| Net Sales        | 4.48            | 5.53            | +23.4%         | 5.67             |
| Operating Income | 1.18            | 0.64            | -45.6%         | 0.87             |
| Operating Margin | 26.3%           | 11.6%           | -14.7 points   | 15.3%            |

| (JPY Billions)   | FY 2007         | FY 2008         |                |                  |
|------------------|-----------------|-----------------|----------------|------------------|
|                  | Interim Results | Interim Results | Year over Year | Initial Forecast |
| Net Sales        | 7.82            | 7.94            | +1.5%          | 7.50             |
| Operating Income | 0.28            | -0.32           | -              | -0.18            |
| Operating Margin | 3.6%            | -               | -              | -                |

### Sammy Networks

- Domestic Content: Test marketing of online Mahjong game “777 Town Mahjong”, partner with KDDI for introduction of new service using mupass “mobapuri”
- Overseas business: Withdrawal from China business, incurred a loss
- Sales reached initial targets, but with increased burden from depreciation of goodwill the overseas business expanded its losses

### SEGA TOYS

- With an adjustment to the distribution inventory for the “Beena” series and TV games, results fell significantly compared to the prior year
- Sales of adult oriented entertainment such as “Grand Pianist” continued to be strong
- “Dinosaur King D Kids Adventure” a product for which the toy was developed in conjunction with the animation is going well
- Started introducing “Bakugan” globally
- Sales of remote control products by subsidiary Taiyo go well



| (JPY Billions)   | FY 2007         | FY 2008         |                |                  |
|------------------|-----------------|-----------------|----------------|------------------|
|                  | Interim Results | Interim Results | Year over Year | Initial Forecast |
| Net Sales        | 6.58            | 7.35            | +11.6%         | 7.68             |
| Operating Income | 0.69            | 0.43            | -38.3%         | 0.56             |
| Operating Margin | 10.4%           | 5.9%            | -4.5 points    | 7.3%             |

## TMS Entertainment

- Recorded an increase in sales and decrease in profits compared to the prior year's period
- Compared to the prior year's period productions were up leading to the overall rise in revenues, but with high margin sales weak overall profits fell
- Due to the addition of new facilities in the second half of the prior year and improvement efforts net sales and operating profits rose in the amusement business



| (JPY Billions)   | FY 2007         | FY 2008         |                |                  |
|------------------|-----------------|-----------------|----------------|------------------|
|                  | Interim Results | Interim Results | Year over Year | Initial Forecast |
| Net Sales        | 7.96            | 6.22            | -21.8%         | 7.52             |
| Operating Income | -0.37           | -0.14           | -              | 0.01             |
| Operating Margin | -               | -               | -              | 0.1%             |

## Nissho Interlife

### ■ Specialized Construction

Renovation of department stores continued at a firm pace and will continue into the second half

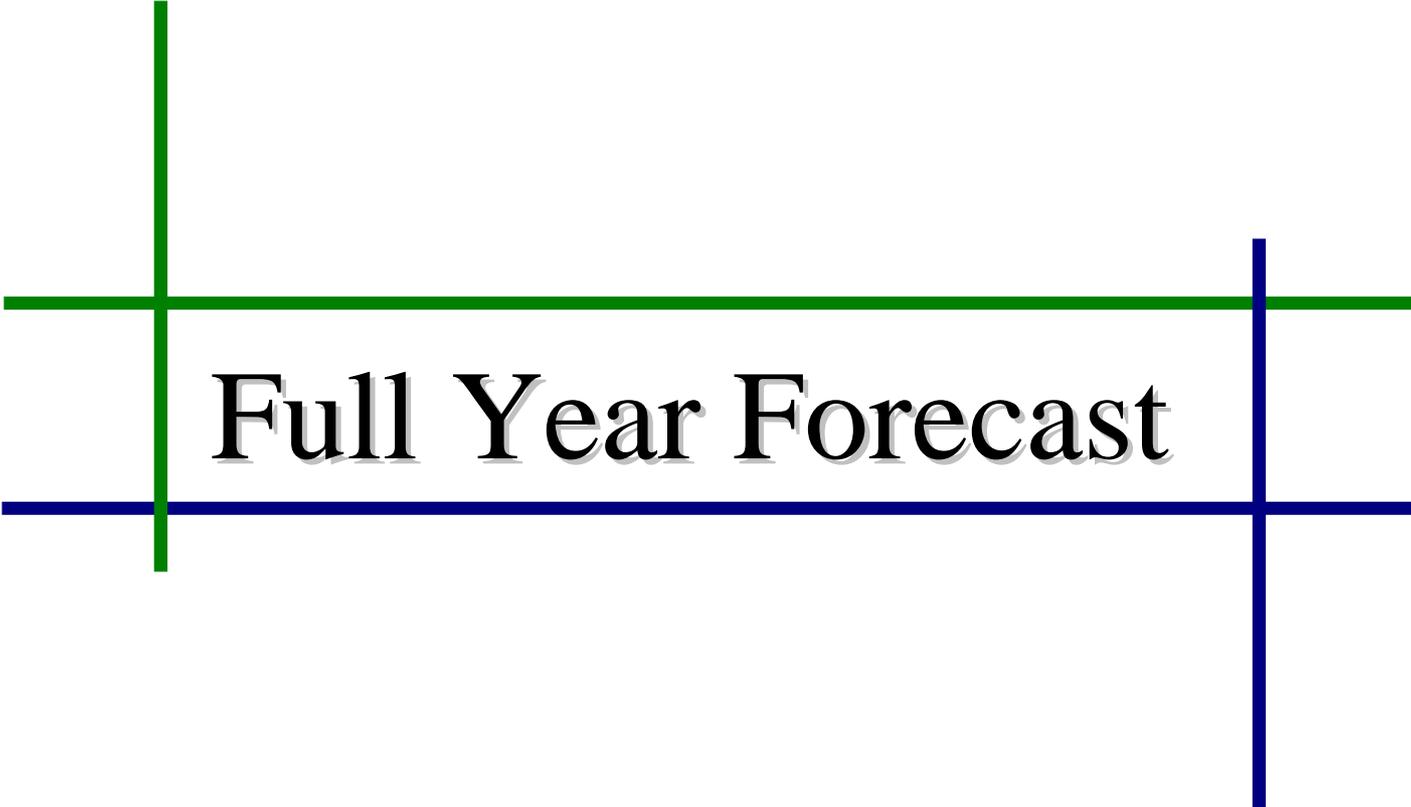
Gross profits didn't hit targets, but net sales and operating profit beat plans

### ■ Comprehensive Construction

With selective ordering and delay of store openings net sales fell

Gross margins improved, but operating losses were incurred

Increase of gross margins with the completion of a large amusement facility

A decorative graphic consisting of a vertical green line on the left and a vertical blue line on the right, intersected by a horizontal green line above and a horizontal blue line below. The text "Full Year Forecast" is centered within this graphic.

# Full Year Forecast

## Sales lag in Pachinko

Issue

- **Lack of internal analysis and immature development process**
- Too much focus on top line leads to excessive forecasts
- Lack of research into the R&D process



## Structure to Guarantee Hits

- Refine sales expectations based on specs, character content and market environment
- Strengthen the development group, have all important areas of development review strictly reviewed for quality including the use of external review

## Losses in the Amusement Facilities Business

Issue

- **Falling revenues at existing stores**
- **Low profit at new facilities**



## Accelerate Portfolio Review

- Based on potential and profitability ratings, it has been determined to close or sell of almost 100 of the poorest performing facilities
- Thorough scrap and build process with a focus on optimizing the facility portfolio

## Failure to achieve same operating margins as competitors

Issue

- **Poor domestic software sales**
- Title strategy lacks clarity
- **R&D Costs at a high level**



## Review R&D and Sales Strategy

- Confirm main titles and appropriately allocate R&D and marketing resources
- Based on the lineup strategy, establish R&D strategy and structure (internal vs. external development)

# Full Year Forecast

| (JPY Billions)       | FY 2007         |                   | FY 2008         |                        |            |                  |
|----------------------|-----------------|-------------------|-----------------|------------------------|------------|------------------|
|                      | Interim Results | Full Year Results | Interim Results | Revised Full Year Plan |            | Initial Forecast |
|                      |                 |                   |                 |                        | YOY Change |                  |
| Net Sales            | 283.5           | 528.2             | 231.0           | <b>540.0</b>           | +2.2%      | 670.0            |
| Operating Income     | 62.9            | 76.5              | -4.3            | <b>20.0</b>            | -73.9%     | 70.0             |
| Ordinary Income      | 66.0            | 81.2              | -3.9            | <b>20.0</b>            | -75.4%     | 67.0             |
| Net Income           | 37.9            | 43.4              | -20.2           | <b>1.0</b>             | -97.7%     | 35.0             |
| Net Assets Per Share | 1,362.68        | 1,341.80          | 1,196.21        | -                      | -          | -                |
| EPS (Yen)            | 150.80          | 172.47            | -80.44          | 3.97                   | -          | 138.92           |

# Segment Forecast

| (JPY Billions) |                             | FY 2007         |                   | FY 2008         |                            |                  |            |
|----------------|-----------------------------|-----------------|-------------------|-----------------|----------------------------|------------------|------------|
|                |                             | Interim Results | Full Year Results | Interim Results | Revised Full Year Forecast | Initial Forecast |            |
|                |                             |                 |                   |                 |                            |                  | YOY Change |
| Breakout       | <b>Net Sales</b>            | 283.5           | 528.2             | 231.0           | <b>540.0</b>               | +2.2%            | 670.0      |
|                | <b>Pachinko Pachislot</b>   | 145.0           | 211.5             | 99.7            | <b>208.0</b>               | -1.6%            | 303.0      |
|                | <b>Amusement Machines</b>   | 34.6            | 75.4              | 34.3            | <b>76.0</b>                | +0.8%            | 82.5       |
|                | <b>Amusement Facilities</b> | 53.5            | 103.8             | 47.9            | <b>95.0</b>                | -8.5%            | 110.5      |
|                | <b>Consumer</b>             | 40.7            | 119.5             | 41.2            | <b>143.0</b>               | +19.7%           | 156.0      |
|                | <b>Other</b>                | 9.6             | 17.8              | 7.7             | <b>18.0</b>                | +1.1%            | 18.0       |
| Breakout       | <b>Operating Profit</b>     | 62.9            | 76.5              | -4.3            | <b>20.0</b>                | -73.9%           | 70.0       |
|                | <b>Pachinko Pachislot</b>   | 63.7            | 71.1              | 12.1            | <b>33.0</b>                | -53.6%           | 66.3       |
|                | <b>Amusement Machines</b>   | 6.6             | 11.6              | 1.8             | <b>6.5</b>                 | -44.0%           | 9.2        |
|                | <b>Amusement Facilities</b> | 2.9             | 0.1               | -2.2            | <b>-11.0</b>               | -                | -1.0       |
|                | <b>Consumer</b>             | -6.7            | 1.7               | -12.5           | <b>-2.0</b>                | -                | 4.4        |
|                | <b>Other</b>                | -0.4            | -1.3              | -0.2            | <b>0.0</b>                 | -                | -0.4       |
|                | <b>Eliminations</b>         | -3.2            | -6.7              | -3.4            | <b>-6.5</b>                | -                | -8.5       |

[Memo]

# Segment Forecast: Pachinko Pachislot

| (JPY Billions)          | FY 2007         |                   | FY 2008         |                            |              |                            |
|-------------------------|-----------------|-------------------|-----------------|----------------------------|--------------|----------------------------|
|                         | Interim Results | Full Year Results | Interim Results | Revised Full Year Forecast |              | Initial Full Year Forecast |
|                         |                 |                   |                 | YOY Change                 |              |                            |
| <b>Net Sales</b>        | 145.0           | 211.5             | 99.7            | <b>208.0</b>               | -1.6%        | 303.0                      |
| Pachislot               | 123.4           | 173.7             | 78.8            | <b>147.8</b>               | -14.9%       | 186.6                      |
| (Rental Portion)        | (1.5)           | (5.9)             | (17.9)          | <b>( 29.9)</b>             | (+404.8%)    | (22.4)                     |
| Pachinko                | 16.1            | 28.3              | 14.1            | <b>43.1</b>                | +52.3%       | 100.1                      |
| Peripherals, Other      | 5.5             | 9.5               | 6.8             | <b>17.1</b>                | +80.0%       | 16.3                       |
| <b>Operating Profit</b> | 63.7            | 71.1              | 12.1            | <b>33.0</b>                | -53.6%       | 66.3                       |
| <b>Operating Margin</b> | 43.9%           | 33.6%             | 12.1%           | <b>15.9%</b>               | -17.7 points | 21.8%                      |

## Overview of Full Year Forecast

|                  |   |
|------------------|---|
| <b>Pachislot</b> | <ul style="list-style-type: none"> <li>■ Unit sales forecast reviewed               <ul style="list-style-type: none"> <li>⇒ Incorporated approval situation, first half results, and market environment</li> </ul> </li> <li>■ Support plan for the new reg changeover is over               <ul style="list-style-type: none"> <li>⇒ From November on machines will be return to being introduced under old pricing and rental schemes</li> </ul> </li> <li>■ Continue partnership with Taiyo Elec               <ul style="list-style-type: none"> <li>⇒ Sammy's sales network to sell Taiyo's product "Densetsu no Miko"</li> </ul> </li> </ul> |
| <b>Pachinko</b>  | <ul style="list-style-type: none"> <li>■ Delay major titles to next Fiscal Year               <ul style="list-style-type: none"> <li>⇒ Revised full year figures</li> </ul> </li> <li>■ Continue to revise and refine the R&amp;D process as was begun in the last fiscal year</li> </ul>   |

## Sales Results: Pachislot

| Brand   | FY 2007                         |                                 | FY 2008                          |  |                                 |
|---|---------------------------------|---------------------------------|----------------------------------|--|---------------------------------|
|   | Interim Results                 | Full Year Results               | Interim Results                  | Revised Full Year Forecast               | Initial Full Year Forecast      |
|  <b>Sammy</b> | 2 titles                        | 5 titles                        | 5 titles                         | <b>7 titles</b>                          | 8 titles                        |
|   | 333,119 units                   | 426,159 units                   | 147,819 units                    | <b>218,000 units</b>                     | 335,000 units                   |
|  <b>RODEO</b> | 1 title                         | 3 titles                        | 3 titles                         | <b>6 titles</b>                          | 7 titles                        |
|   | 24,480 units                    | 43,905 units                    | 58,336 units                     | <b>138,000 units</b>                     | 128,000 units                   |
|  <b>GINZA</b> | -                               | 2 titles                        | 2 titles                         | <b>5 titles</b>                          | 6 titles                        |
|   | -                               | 19,922 units                    | 76,166 units                     | <b>116,000 units</b>                     | 103,000 units                   |
| <b>Unit Supply</b>  | 2 titles                        | 7 titles                        | 6 titles                         | <b>11 titles</b>                         | 12 titles                       |
|   | 3,003 units                     | 33,436 units                    | 28,175 units                     | <b>48,000 units</b>                      | 95,000 units                    |
| <b>Total<br/>(Rental Portion)</b>   | 5 titles                        | 17 titles                       | 16 titles                        | <b>29 titles</b>                         | 33 titles                       |
|   | 360,602 units<br>(13,125 units) | 523,422 units<br>(26,487 units) | 310,496 units<br>(109,342 units) | <b>520,000 units<br/>(131,000 units)</b> | 661,000 units<br>(88,000 units) |

\*The number of titles refers to the number of titles that began sales within the period  
\*Unit supply refers to the supply of units to other companies

## Sales Results: Pachinko

| Brand   | FY 2007         |                   | FY 2008         |                            |                            |
|---|-----------------|-------------------|-----------------|----------------------------|----------------------------|
|   | Interim Results | Full Year Results | Interim Results | Revised Full Year Forecast | Initial Full Year Forecast |
|  <b>Sammy</b> | 5 titles        | 11 titles         | 1 title         | <b>5 titles</b>            | 8 titles                   |
|   | 64,086 units    | 108,568 units     | 51,931 units    | <b>145,500 units</b>       | 322,000 units              |
|  <b>GINZA</b> | 2 titles        | 4 titles          | 1 title         | <b>2 titles</b>            | 4 titles                   |
|   | 17,124 units    | 24,413 units      | 4,710 units     | <b>34,500 units</b>        | 65,000 units               |
| <b>Total</b>  | 7 titles        | 15 titles         | 2 titles        | <b>7 titles</b>            | 12 titles                  |
|   | 81,210 units    | 132,981 units     | 56,641 units    | <b>180,000 units</b>       | 387,000 units              |

\*The number of titles refers to the number of titles that began sales within the period

| (JPY Billions)          | FY 2007         |                   | FY 2008         |                            |             |                            |
|-------------------------|-----------------|-------------------|-----------------|----------------------------|-------------|----------------------------|
|                         | Interim Results | Full Year Results | Interim Results | Revised Full Year Forecast |             | Initial Full Year Forecast |
|                         |                 |                   |                 |                            | YOY Change  |                            |
| <b>Net Sales</b>        | 34.6            | 75.4              | 34.3            | <b>76.0</b>                | +0.8%       | 82.5                       |
| Domestic                | 31.4            | 65.7              | 28.0            | <b>61.7</b>                | -6.1%       | 67.5                       |
| Overseas                | 3.1             | 9.7               | 6.3             | <b>14.2</b>                | +46.4%      | 15.0                       |
| <b>Operating Income</b> | 6.6             | 11.6              | 1.8             | <b>6.5</b>                 | -44.0%      | 9.2                        |
| <b>Operating Margin</b> | 19.0%           | 15.4%             | 5.2%            | <b>8.6%</b>                | -6.8 points | 11.1%                      |

## Overview of Full Year Forecast

■ From the end of the year sequentially bring new versions of hit titles to market

“StarHorse THIRD EVOLUTION,” “Quest of D The Battle Kingdom,”

“Sangokushi Taisen 3”

⇒ We expect these introductions to also raise utilization at facilities

■ Overseas Business: Priorities will be selected by market, and a value chain consisting of development, manufacture and sale will be established.

# Segment Forecast: Amusement Facilities

| (JPY Billions)                           | FY 2007         |                   | FY 2008         |                            |             |                            |
|--|-----------------|-------------------|-----------------|----------------------------|-------------|----------------------------|
|  | Interim Results | Full Year Results | Interim Results | Revised Full Year Forecast |             |                            |
|  |                 |                   |                 |                            | YOY Change  | Initial Full Year Forecast |
| <b>Net Sales</b>                         | 53.5            | 103.8             | 47.9            | 95.0                       | -8.5%       | 110.5                      |
| (Overseas Portion)                       | 4.3             | 9.8               | 6.1             | 11.7                       | +19.4%      | 13.1                       |
| <b>Operating Income</b>                  | 2.9             | 0.1               | -2.2            | -11.0                      | -           | -1.0                       |
| <b>Operating Margin</b>                  | 5.4%            | 0.1%              | -               | -                          | -           | -                          |
| <b>Same Store Sales</b>                  | +0.2%           | -4.2%             | -11.0%          | -8.3%                      | -4.1 points | +2.1%                      |
| <b>Domestic Facilities</b>               | 463             | 449               | 433             | 371                        | -78 stores  | 435                        |
| Stores Opened                            | 10              | 18                | 6               | 11                         | -           | 26                         |
| Stores Closed                            | 9               | 31                | 22              | 89                         | -           | 40                         |
| <b>Amusement Facilities Depreciation</b> | 8.2             | 18.0              | 7.7             | 17.6                       | -2.2%       | 14.3                       |
| <b>Amusement Facilities Cap-ex</b>       | 11.8            | 18.1              | 8.7             | 17.0                       | -6.1%       | 18.2                       |

## Overview of Full Year Forecast

- Sega existing store sales are forecast to be a -8.0% comp for the year
- Look to aggressively introduce new titles in the kids card game business
- Accelerate the review of facilities, enhance policies to return to profitability
  - Based on potential and profitability ratings, it has been determined to close or sell almost 100 of the poorest performing facilities
  - Scrap and build to optimize facility portfolio
  - Clarify standards for opening new stores
- Plans for Minato Mirai are being developed currently

| (JPY Billions)                         | FY 2007         |                   | FY 2008         |                            |            |                            |
|--|-----------------|-------------------|-----------------|----------------------------|------------|----------------------------|
|  | Interim Results | Full Year Results | Interim Results | Revised Full Year Forecast |            |                            |
|  |                 |                   |                 |                            | YOY Change | Initial Full Year Forecast |
| <b>Net Sales</b>                       | 40.7            | 119.5             | 41.2            | 143.0                      | +19.7%     | 156.0                      |
| Entertainment Software                 | 20.8            | 76.1              | 19.7            | 93.3                       | +22.6%     | 102.1                      |
| Network/Other                          | 19.9            | 43.4              | 21.5            | 49.9                       | +15.0%     | 53.9                       |
| <b>Operating Income</b>                | -6.7            | 1.7               | -12.5           | -2.0                       | -          | 4.4                        |
| <b>Operating Margin</b>                | -               | 1.4%              | -               | -                          | -          | 2.8%                       |
| <b>Consumer R&amp;D Expense</b>        | 11.7            | 26.6              | 16.4            | 37.7                       | +41.7%     | 38.4                       |
| <b>Software unit sales (thousands)</b> | 5,750           | 21,270            | 4,910           | 25,570                     | +20.2%     | 28,000                     |

## Overview of Full Year Forecast

- Deliver an impressive lineup of titles for the Christmas season  
 “Mario and Sonic at the Olympic Games (US, Europe), “The Golden Compass” (Japan, US, Europe) “Ryu ga Gotoku Kenzan! (Japan)
- Re-establish our lineup strategy for the coming year and concurrently review allocation of resources

# Segment Forecast: Consumer

## Game Software Sales and Forecasts

\*Sales units in thousands

|                  |               | FY 2007         |            |                   |            | FY 2008         |            |                            |            |                            |            |
|------------------|---------------|-----------------|------------|-------------------|------------|-----------------|------------|----------------------------|------------|----------------------------|------------|
|                  |               | Interim Results |            | Full Year Results |            | Interim Results |            | Revised Full Year Forecast |            | Initial Full Year Forecast |            |
|                  |               | Titles          | Units Sold | Titles            | Units Sold | Titles          | Units Sold | Titles                     | Unit Sales | Titles                     | Unit Sales |
| <b>Breakdown</b> | <b>Japan</b>  | 28              | 1,800      | 57                | 5,860      | 14              | 930        | 37                         | 2,970      | 39                         | 5,270      |
|                  | <b>US</b>     | 11              | 2,360      | 39                | 8,230      | 7               | 1,720      | 44                         | 11,910     | 43                         | 10,940     |
|                  | <b>Europe</b> | 14              | 1,590      | 44                | 7,180      | 11              | 2,270      | 47                         | 10,700     | 47                         | 11,790     |
| <b>Total</b>     |               | 53              | 5,750      | 140               | 21,270     | 32              | 4,910      | 128                        | 25,570     | 129                        | 28,000     |

|                  |                  | FY 2007         |            |                   |            | FY 2008         |            |                            |            |                            |            |
|------------------|------------------|-----------------|------------|-------------------|------------|-----------------|------------|----------------------------|------------|----------------------------|------------|
|                  |                  | Interim Results |            | Full Year Results |            | Interim Results |            | Revised Full Year Forecast |            | Initial Full Year Forecast |            |
|                  |                  | Titles          | Units Sold | Titles            | Units Sold | Titles          | Units Sold | Titles                     | Unit Sales | Titles                     | Unit Sales |
| <b>Breakdown</b> | <b>PS2</b>       | 20              | 1,450      | 35                | 3,160      | 6               | 250        | 9                          | 1,680      | 9                          | 1,650      |
|                  | <b>GC</b>        | 2               | 140        | 2                 | 150        | 0               | 0          | 0                          | 0          | 0                          | 0          |
|                  | <b>XBox</b>      | 1               | 10         | 0                 | 10         | 0               | 0          | 0                          | 0          | 0                          | 0          |
|                  | <b>PS3</b>       | 0               | 0          | 14                | 1,640      | 1               | 210        | 18                         | 2,790      | 19                         | 3,910      |
|                  | <b>Wii</b>       | 0               | 0          | 7                 | 1,420      | 4               | 180        | 25                         | 4,420      | 23                         | 4,580      |
|                  | <b>Xbox360</b>   | 6               | 430        | 18                | 1,820      | 1               | 210        | 22                         | 3,490      | 20                         | 3,800      |
|                  | <b>NDS</b>       | 5               | 280        | 13                | 2,380      | 10              | 650        | 22                         | 4,050      | 26                         | 5,360      |
|                  | <b>PSP</b>       | 12              | 680        | 28                | 2,100      | 7               | 460        | 14                         | 1,430      | 14                         | 1,740      |
|                  | <b>GBA</b>       | 0               | 0          | 3                 | 380        | 0               | 0          | 0                          | 0          | 0                          | 0          |
|                  | <b>PC</b>        | 7               | 270        | 20                | 2,010      | 3               | 350        | 18                         | 2,300      | 18                         | 2,460      |
|                  | <b>Catalogue</b> | -               | 2,480      | -                 | 6,190      | 0               | 2,600      | 0                          | 5,430      | -                          | 4,520      |
| <b>Total</b>     |                  | 53              | 5,750      | 140               | 21,270     | 32              | 4,910      | 128                        | 25,570     | 129                        | 28,000     |

# Listed Subsidiaries Full Year Forecasts



## Sammy NetWorks

| (Consolidated:<br>JPY Billion) | FY 2007           |                     | FY 2008           |                       |                |
|--------------------------------|-------------------|---------------------|-------------------|-----------------------|----------------|
|                                | Interim<br>Result | Full Year<br>Result | Interim<br>Result | Full Year<br>Forecast |                |
|                                |                   |                     |                   | YOY<br>Change         |                |
| <b>Net Sales</b>               | 4.48              | 10.62               | 5.53              | 11.73                 | +10.4%         |
| <b>Operating<br/>Income</b>    | 1.18              | 2.52                | 0.64              | 2.03                  | -19.3%         |
| <b>Operating<br/>Margin</b>    | 26.3%             | 23.7%               | 11.6%             | 17.3%                 | -6.4<br>points |



| (Consolidated:<br>JPY Billion) | FY 2007           |                     | FY 2008           |                       |                |
|--------------------------------|-------------------|---------------------|-------------------|-----------------------|----------------|
|                                | Interim<br>Result | Full Year<br>Result | Interim<br>Result | Full Year<br>Forecast |                |
|                                |                   |                     |                   | YOY<br>Change         |                |
| <b>Net Sales</b>               | 7.82              | 15.20               | 7.94              | 17.50                 | +15.1%         |
| <b>Operating<br/>Income</b>    | 0.28              | 0.33                | -0.32             | 0.30                  | -9.1%          |
| <b>Operating<br/>Margin</b>    | 3.6%              | 2.1%                | —                 | 1.7%                  | -0.4<br>points |

### Sammy NetWorks

#### ■ Domestic Business:

- Introduce Pachinko/Pachislot advance distribution and other new services
- Begin a new cooperative process with KDDI and Japan Post using muPass – “EZ Keitai Post”
- Realize “Yosou Net” on mobile devices

■ Focus on 3 main businesses (AM online, muPass, point media) and deliver 10.4% revenue growth

\*Forecasts as of revision announced 7/25/2007

### SEGA TOYS

■ Brand adult oriented products like “Grand Pianist” and “Tokyo Tower 2007” as “IPPINmono”, increase number of items and specialized retail areas, create steady selling products.

#### ■ Continue to develop Sega Sammy Group Toys

- “Dinosaur King D Kids Adventure”
- “Bakugan” full global development: In addition to Canada, Korea, Taiwan develop for the US and European markets

\*Forecasts as of revision announced 10/31/2007



| (Consolidated:<br>JPY Billion) | FY 2007           |                     | FY 2008           |                       |               |
|--------------------------------|-------------------|---------------------|-------------------|-----------------------|---------------|
|                                | Interim<br>Result | Full Year<br>Result | Interim<br>Result | Full Year<br>Forecast |               |
|                                |                   |                     |                   | YOY<br>Change         |               |
| <b>Net Sales</b>               | 6.58              | 15.59               | 7.35              | 16.23                 | +4.1%         |
| <b>Operating<br/>Income</b>    | 0.69              | 1.60                | 0.43              | 1.66                  | +3.6%         |
| <b>Operating<br/>Margin</b>    | 10.4%             | 10.3%               | 5.9%              | 10.2%                 | -0.1<br>point |

## TMS Entertainment

- Forecasting overall sales and profit rise for the full year
- Less revenues derived from sales are projected in the animation business and therefore profits are forecast to fall
- Compared to last year we aim to keep maintain profitability in the Amusement business, and make a marked recovery in profits

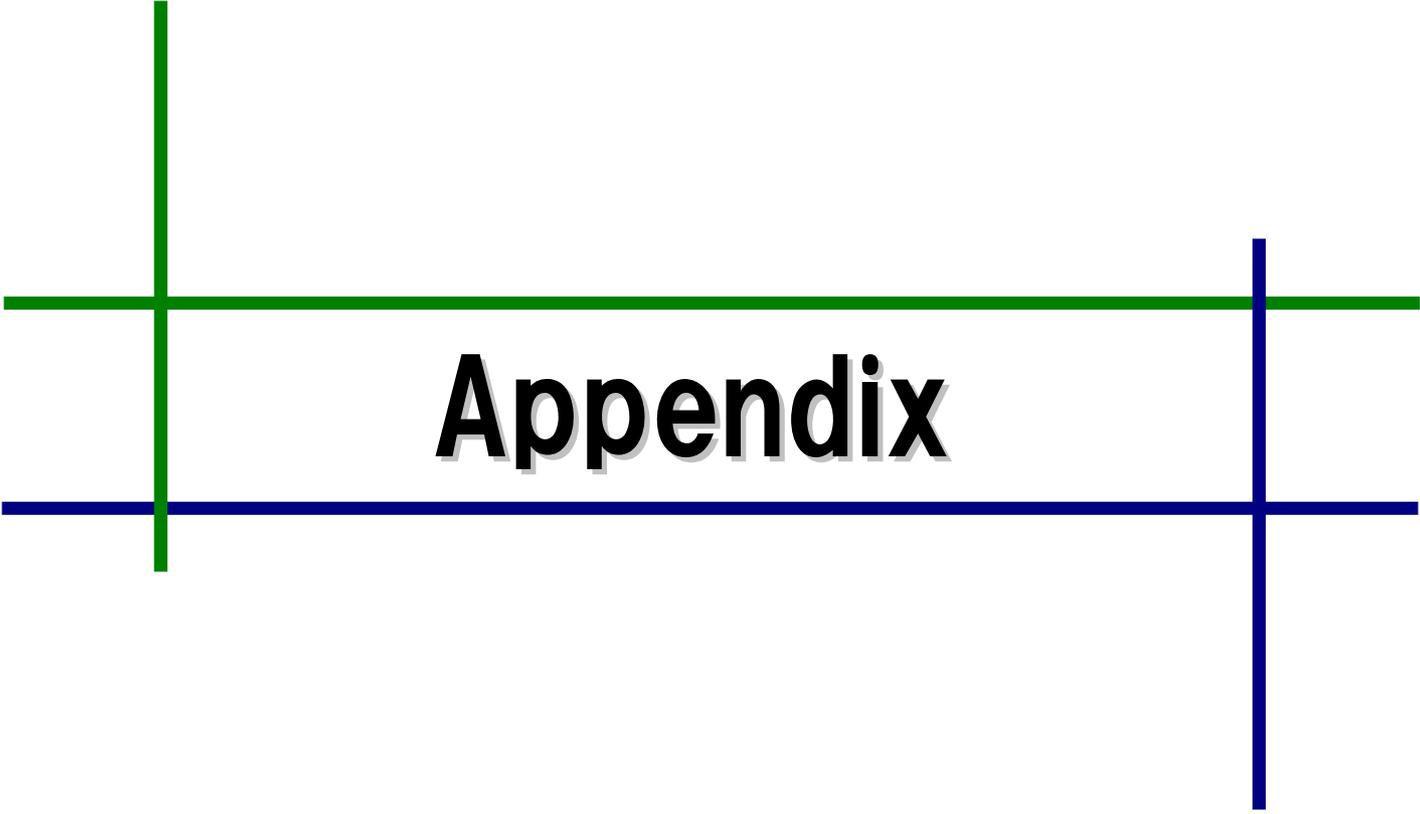
\*Forecasts as of revision announced 11/2/2007



| (Non-Consolidated:<br>JPY Billion) | FY 2007           |                     | FY 2008           |                       |       |
|------------------------------------|-------------------|---------------------|-------------------|-----------------------|-------|
|                                    | Interim<br>Result | Full Year<br>Result | Interim<br>Result | Full Year<br>Forecast |       |
|                                    |                   |                     |                   | YOY<br>Change         |       |
| <b>Net Sales</b>                   | 7.96              | 14.89               | 6.22              | 15.30                 | +2.8% |
| <b>Operating<br/>Income</b>        | -0.37             | -0.46               | -0.14             | 0.06                  | —     |
| <b>Operating<br/>Margin</b>        | -                 | -                   | -                 | 0.4%                  | —     |

## Nissho Interlife

- Specialized Construction
  - Focus on restoring profitability through thorough field management
- Comprehensive Construction
  - With the large amount of remodeling demand expected in the second half, aim to collect large amount of orders



# Appendix

# Company Overview

|                                     |  |  |                        |
|-------------------------------------|--|--|------------------------|
| <b>Company Name</b>                 | <b>Sega Sammy Holdings, Inc.</b>   | Chairman President and Representative Director (CEO) | <b>Hajime Satomi</b>   |
| <b>Head Office</b>                  | <b>Shiodome Sumitomo Building, 1-9-2 Higashi Shimbashi, Minato-ku, Tokyo 105-0021, Japan</b> | Executive Vice President and Representative Director | <b>Keishi Nakayama</b> |
| <b>Established</b>                  | <b>October 1, 2004</b>   | Vice Chairman and Director                           | <b>Hisao Oguchi</b>    |
| <b>Capital</b>                      | <b>29.9billion</b>   | Senior Managing Director                             | <b>Tadashi Ishida</b>  |
| <b>Listing</b>                      | <b>Tokyo Stock Exchange 1<sup>st</sup> Section (6460)</b>                                    | Director   | <b>Toru Katamoto</b>   |
| <b>Number of Shares Outstanding</b> | <b>283,229,476 shares</b>  | Director   | <b>Akio Kioi</b>       |
|                                     |  | Director   | <b>Yuji Iwanaga</b>    |

| Major Shareholders |   | Equity Shares | % Voting |
|--------------------|---|---------------|----------|
| <b>1</b>           | Hajime Satomi                                     | 43,569,338    | 17.29%   |
| <b>2</b>           | Sega Sammy Holdings                               | 31,286,305    | -        |
| <b>3</b>           | Mellon Bank, NA Treaty Clients Omnibus            | 16,418,122    | 6.52%    |
| <b>4</b>           | Hero and Company                                  | 16,009,549    | 6.35%    |
| <b>5</b>           | State Street Bank and Trust Company               | 15,299,335    | 6.07%    |
| <b>6</b>           | FSC Co., Ltd.                                     | 14,172,840    | 5.63%    |
| <b>7</b>           | The Chase Manhattan Bank, N.A. London             | 11,039,880    | 4.38%    |
| <b>8</b>           | Morgan Stanley and Company Inc                    | 5,795,987     | 2.30%    |
| <b>9</b>           | The Master Trust Bank of Japan, Ltd. (As Trustee) | 5,506,500     | 2.19%    |
| <b>10</b>          | JP Morgan Chase Oppenheimer Funds JASDEC Account  | 2,862,800     | 1.14%    |

| Shareholder Data                     |             |                             |
|--------------------------------------|-------------|-----------------------------|
| Type                                 | % of Shares | % by Number of Shareholders |
| Financial Institutions               | 8.52%       | 0.07%                       |
| Securities Companies                 | 1.56%       | 0.07%                       |
| Other Companies                      | 7.33%       | 0.82%                       |
| Foreign Institutions and Individuals | 37.22%      | 0.45%                       |
| Japanese Individuals and Other       | 34.32%      | 98.59%                      |
| Treasury stock                       | 11.05%      | 0.00%                       |

| Shareholders |
|--------------|
| 102,643      |

Data as of September 30<sup>th</sup>, 2007

| Subsidiary   | Listed on:  | Main operations  | Shares held by the Company<br>(Percentage of voting rights) |
|--|---|--|---|
| Sammy NetWorks Co., Ltd.<br>      | TSE Mothers<br>Securities code:<br>3745                 | <u>&lt;Consumer&gt;</u><br>Distribution of music related content and game related content through mobile phones and the Internet.        | 24,804 shares<br>(56.3%)                                    |
| SEGA TOYS, LTD.<br>               | JASDAQ<br>Securities code:<br>7842                      | <u>&lt;Consumer&gt;</u><br>Design, development and sales of toys   | 11,250,000 shares<br>(52.4%)                                |
| TMS Entertainment Ltd.<br>        | NSE 2 <sup>nd</sup> Section<br>Securities code:<br>3585 | <u>&lt;Consumer•<br/>Amusement Facilities&gt;</u><br>Planning, production, sales and export of animation films, and amusement businesses | 23,549,000 shares<br>(55.5%)                                |
| NISSHO INTER LIFE CO., LTD.<br> | JASDAQ<br>Securities code:<br>1986                      | <u>&lt;Other&gt;</u><br>Planning, design, management and construction of displays and commercial facilities                              | 7,714,400 shares<br>(51.3%)                                 |

Data as of September 30<sup>th</sup>, 2007

# Costs and Expenses

| JPY Billions        | FY 2007         |                   | FY 2008         |                            |                            |
|---------------------|-----------------|-------------------|-----------------|----------------------------|----------------------------|
|                     | Interim Results | Full Year Results | Interim Results | Revised Full Year Forecast | Initial Full Year Forecast |
| <b>R&amp;D</b>      | 23.0            | 52.1              | 29.8            | 64.8                       | 67.3                       |
| <b>Capex</b>        | 23.7            | 36.6              | (*1) 35.0       | (*1) 54.2                  | 30.7                       |
| <b>Depreciation</b> | 11.5            | 28.0              | (*2) 29.6       | (*2) 52.1                  | 20.8                       |
| <b>Advertising</b>  | 10.2            | 22.2              | 9.0             | 25.4                       | 22.4                       |

(\* 1): Includes rental assets of 17.1 billion Yen (interim) and 20.4 billion Yen (full year)

(\* 2): Includes rental assets of 17.3 billion Yen (interim) and 19.5 billion Yen (full year)

Capex does not include amounts paid for the acquisition of land in Minato Mirai (prior year 22.6 billion Yen, current year 10.4 billion Yen)

## Pachinko Halls

(Number of pachinko halls with pachinko machines installed includes facilities that combine installations of pachinko machines and pachislot machines.)

|  | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   |
|--|--------|--------|--------|--------|--------|--------|
| Number of pachinko halls with pachinko machines installed  | 15,691 | 15,255 | 14,695 | 13,844 | 12,913 | 12,588 |
| Number of pachinko halls with pachislot machines installed | 1,110  | 1,249  | 1,381  | 1,773  | 2,252  | 2,086  |
| Total  | 16,801 | 16,504 | 16,076 | 15,617 | 15,165 | 14,674 |

## Pachinko Pachislot Unit Sales • Installed Base • Market Scale

|           |                               | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      |
|-----------|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Pachinko  | Units sold                    | 3,230,489 | 3,174,079 | 3,686,677 | 4,013,153 | 4,047,999 | 3,831,211 |
|           | Units installed               | 3,321,391 | 3,252,241 | 3,227,239 | 3,077,537 | 2,960,939 | 2,932,952 |
|           | Market size (millions of yen) | 569,129   | 561,506   | 672,055   | 786,413   | 867,209   | 875,009   |
| Pachislot | Units sold                    | 1,290,719 | 1,501,894 | 1,842,392 | 1,672,049 | 1,786,292 | 1,637,853 |
|           | Units installed               | 1,459,233 | 1,606,123 | 1,660,839 | 1,887,239 | 1,936,470 | 2,003,482 |
|           | Market size (millions of yen) | 351,344   | 396,566   | 526,354   | 524,882   | 543,049   | 485,404   |

# of halls and units installed according to the National Police Association (Calendar Year), Units installed and market size according to Yano Research.

Share of Annual Pachislot Machine Sales

| Rank | 2003         |             |                | 2004         |             |                | 2005         |             |                | 2006         |             |                |
|------|--------------|-------------|----------------|--------------|-------------|----------------|--------------|-------------|----------------|--------------|-------------|----------------|
|      | Manufacturer | Share       | Units sold     |
| 1    | <b>Sammy</b> | <b>32.1</b> | <b>591,754</b> | <b>Sammy</b> | <b>40.4</b> | <b>676,933</b> | <b>Sammy</b> | <b>33.6</b> | <b>607,106</b> | <b>Sammy</b> | <b>32.0</b> | <b>523,422</b> |
| 2    | Olympia      | 18.5        | 340,000        | Olympia      | 16.4        | 275,000        | Daito Giken  | 13.1        | 236,000        | Daito Giken  | 12.2        | 200,000        |
| 3    | Aruze        | 13.6        | 250,559        | Yamasa       | 9.0         | 150,000        | Olympia      | 10.4        | 187,000        | Yamasa       | 10.6        | 173,000        |
| 4    | Yamasa       | 11.9        | 220,000        | Daito Giken  | 7.9         | 132,000        | Yamasa       | 8.3         | 150,000        | Olympia      | 9.6         | 158,000        |
| 5    | Daito Giken  | 4.9         | 90,000         | Aruze        | 4.6         | 77,881         | SANKYO       | 6.2         | 111,659        | Kitadenshi   | 9.5         | 155,000        |

Share of Annual Pachinko Machine Sales

| Rank | 2003         |            |                | 2004         |            |                | 2005         |            |                | 2006         |            |                |
|------|--------------|------------|----------------|--------------|------------|----------------|--------------|------------|----------------|--------------|------------|----------------|
|      | Manufacturer | Share      | Units sold     |
| 1    | Sanyo Bussan | 25.2       | 930,000        | Sanyo Bussan | 22.9       | 920,000        | Sanyo Bussan | 24.7       | 1,000,000      | Sanyo Bussan | 23.2       | 887,000        |
| 2    | SANKYO       | 16.4       | 605,589        | SANKYO       | 21.2       | 849,911        | SANKYO       | 18.3       | 740,320        | Kyoraku      | 21.0       | 804,000        |
| 3    | Daiichi      | 9.5        | 350,546        | Heiwa        | 8.7        | 350,184        | Kyoraku      | 9.6        | 390,000        | SANKYO       | 16.6       | 636,105        |
| 4    | Heiwa        | 7.1        | 260,894        | Daiichi      | 7.7        | 308,173        | Newgin       | 7.9        | 320,000        | Newgin       | 6.6        | 253,000        |
| 5    | <b>Sammy</b> | <b>6.7</b> | <b>248,533</b> | Newgin       | 6.9        | 278,000        | <b>Sammy</b> | <b>7.1</b> | <b>288,895</b> | Daiichi      | 5.1        | 195,947        |
|      |              |            |                | <b>Sammy</b> | <b>5.8</b> | <b>233,049</b> |              |            |                | <b>Sammy</b> | <b>3.5</b> | <b>132,981</b> |

Source: Yano Research Institute Ltd.



## AM machines net sales, operations net sales and home videogame related market (hardware & software)

Yen Millions

|   |                    | 2002    | 2003    | 2004    | 2005    | 2006    |
|---|--------------------|---------|---------|---------|---------|---------|
| AM machines net sales                             |                    | 154,528 | 177,889 | 180,550 | 199,227 | 223,357 |
| AM facilities operations net sales                |                    | 605,521 | 637,744 | 649,223 | 682,458 | 702,857 |
| Number of amusement centers                       |                    | 11,499  | 10,759  | 10,109  | 9,515   | 9,091   |
| Number of game machine units installed            |                    | 439,937 | 428,358 | 438,986 | 445,025 | 460,031 |
| Number of game machine units installed per center |                    | 38.3    | 39.8    | 43.4    | 46.8    | 50.6    |
| Home videogame                                    | Hardware net sales | 790,767 | 631,481 | 425,143 | 862,163 | 958,129 |
|   | Software net sales | 475,875 | 437,975 | 494,840 | 502,579 | 674,174 |

Source: JAMMA, AOU and NSA (net sales figures), and National Police Agency  
(Figures other than net sales are on a calendar year basis)

