

(Translation)

December 24, 2010

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.
Name of Representative: Hajime Satomi,
Chairman, President and
Representative Director (CEO)
(Code No. 6460, Tokyo Stock Exchange 1st Section)
Further Inquiry: Koichiro Ueda,
General Manager of Group
Communications Office
(TEL: 03-6215-9955)

Notice of Issuance of Stock Options (Stock Acquisition Rights) to
Directors and Employees of the Company's Subsidiary

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company"), at the meeting of its Board of Directors held today, resolved that the Company would issue stock acquisition rights as stock options, as described below.

Description

1. Reason for issuing stock acquisition rights as stock options
To maximize the synergetic and complementary effects within the group, to promote management which puts into consideration our shareholders as well as the stock price and to raise the motivation to increase the corporate value of the entire group.
2. Name of stock acquisition rights
SEGA SAMMY HOLDINGS INC. stock acquisition rights issued in February 2011.
3. Total number to be issued
4,640 rights
4. Paid-in price in exchange for stock acquisition right
No cash payment shall be required in exchange for a stock acquisition right. The fact that the stock acquisition right is granted as stock option and does not require cash payment shall not be considered as discounted issue.
5. Class, details and number of shares to be issued or transferred upon exercise of stock acquisition rights
The number of shares of common stock shall be 464,000 shares. Furthermore, the number of shares to be issued or transferred upon exercise of each stock acquisition right

shall be 100 shares.

Also, if the Company deems that a merger, an issuance of shares, a corporate separation, a share split, a stock consolidation or any other similar event would be appropriate, measures which the Company considers necessary will be taken.

6. Price of asset to be invested upon exercise of a stock acquisition right

The price per stock acquisition right of the asset to be invested upon the exercise of the stock acquisition rights shall be the paid-in amount per share deliverable upon exercise thereof (the “exercise price”), multiplied by the number of shares to be issued or transferred for each such stock acquisition right.

The exercise price shall be an amount obtained by multiplying by 1.05 the average of the daily closing prices (regular transactions) of the common stock of the Company on the Tokyo Stock Exchange for the days (exclusive of any day on which transactions are not validly made) of the month immediately preceding the month under which the allotment date of the stock acquisition rights falls, with any fraction of one yen rounded upward to the nearest one yen. Provided, however, that if the amount so obtained falls below the closing price on the day immediately preceding the allotment date of the stock acquisition rights (or if the closing price is not available on that day, the closing price on any day immediately preceding that day), the exercise price shall be the closing price on the day immediately preceding the issue date of the stock acquisition rights.

If the Company deems that a merger, an issuance of shares, a corporate separation, a share split, a stock consolidation or any other similar event would be appropriate, measures which the Company considers necessary will be taken.

7. Stock acquisition right allotment date

February 1, 2011

8. Stock acquisition right exercise period

From February 2, 2013 to February 1, 2015

9. Conditions for the exercise of stock acquisition rights

- (1) Any person to whom the stock acquisition rights are allotted shall remain in office as a Director of the Company or of the Company’s subsidiary, as an employee of such, or in any other similar office when he or she exercises the rights, unless he or she leaves office upon expiration of the term of office or due to any other good reason.
- (2) Other conditions for the exercise of stock acquisition rights are as determined by the stock acquisition right allotment agreement concluded between the Company and subject persons based on the resolution of the meeting of the Board of Directors.

10. Matters concerning the increase in capital and capital reserves in the event that shares are issued due to the exercise of stock acquisition rights

The amount of increase in capital in the event that shares are issued due to the exercise of stock acquisition rights shall be limited to one-half the amount of the limit on capital, etc. calculated in accordance with Article 17 Paragraph 1 of the Company Accounting Rules, with any fraction of one yen resulting from the calculations rounded upward to the nearest one yen.

In addition, the amount of increase in capital reserves in the event that shares are issued due to the exercise of stock acquisition rights shall be the amount of the abovementioned limit on the increase in common stock, etc. less than the amount of increase in the common stock indicated above.

11. Limitations of the transfer of stock acquisition rights

Any acquisition of the stock acquisition rights shall be subject to the approval of the Board of Directors of the Company.

12. Matters concerning acquisition of stock acquisition rights

If a resolution for approval of a merger agreement where the Company becomes a company absorbed in absorption-type merger, or a company consolidated through consolidation-type merger, or a resolution for approval of a share exchange agreement where the Company becomes a wholly owned subsidiary, or a resolution for approval of a share transfer plan where the Company would become a wholly owned subsidiary, is approved at the Company's general meeting of shareholders, plus the Company deems it necessary to acquire stock acquisition rights at the Board of Directors meeting and stipulates a certain date, the Company may acquire stock acquisition rights free of charge upon the arrival of such date.

13. Number and breakdown of parties invited to acquire stock acquisition rights

Subsidiary Directors: 12	Rights: 1,850
Subsidiary executive officers: 6	Rights: 340
Subsidiary employees: 151	Rights: 2,450

14. Relationship between concerned companies and the Company in the case where invited parties are directors, accounting advisors, executive officers, auditors or employees of a company which is stipulated in Article 2 Paragraph 2 of the Cabinet Office on Disclosure of Corporate Affairs, etc. as a company related to the Company.

Sammy NetWorks Co., Ltd.	Wholly-owned subsidiary
SEGA TOYS CO., LTD.	Wholly-owned subsidiary
TMS ENTERTAINMENT, LTD.	Wholly-owned subsidiary

15. Content of agreement between invited parties and the Company

As determined by the stock acquisition right allotment agreement concluded between the Company and the subject persons.

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