

(Translation)

November 28, 2008

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: Takatoshi Akiba,  
Executive Officer  
(TEL: 03-6215-9955)

**Notice of End to Business and Capital Tie-up with GINZA Co., Ltd.  
in Connection with Business Restructuring in Pachinko and Pachislot Machine Business**

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company") and Sammy Corporation (Head office: Toshima-ku, Tokyo, President and Representative Director, COO: Keishi Nakayama, hereinafter "Sammy"), a subsidiary of the Company, at the respective meetings of their Boards of Directors held on November 28, 2008, adopted a resolution to end the business and capital tie-up with GINZA Co., Ltd. (Head office: Seto City, Aichi Prefecture, President and Representative Director: Tsuguhiro Ito, hereinafter "Ginza"), a subsidiary of Sammy, as described below:

Description

1. Reasons for ending the tie-up:

The business conditions surrounding the pachinko and pachislot machine business, the Group's profit-making source, have reached a major turning point due to the "Amendment to the Regulations to Enforce the Law Concerning Control and Proper Operations of Entertainment Establishments, Etc." (the "Amendment") of Japan which became effective in July 2004.

In the pachislot machine market where the nature of the game has been changed materially by the Amendment, supplies of title machines that can be credited with patrons have fallen short and some halls have replaced pachislot machines with pachinko machines. However, a partial amendment to the "Criteria for Interpretation of Technological Standards" in March 2008 has allowed the development of innovative pachislot machines with more entertaining features and the market is expected to revitalize. In the pachinko machine market, on the other hand, the Amendment has allowed the development and supply of products with a variety of amusing games, and with the prevalence of new standard machines, the utilization rate thereof has increased and replacements of machines have been made favorably. Pachinko halls have tended to increase demand intensively for major title products of major

manufacturers that may ensure high utilization rates against the background of increased investments in switching to new standard machines and the difficult environment of the pachislot machine market.

The Group has expanded its business operations through the brands of Sammy, RODEO, GINZA and TAIYO ELEC in the pachislot machine business, and through the brands of Sammy, GINZA and TAIYO ELEC in the pachinko machine business. Under these circumstances, however, we have judged that to increase our market share and maximize earnings of the Group, it would be the best policy to increase the ratio of allocation of its management resources, including development resources, to the profitable Sammy brand and establish a stable structure of developing major title products and enhance its brand potential, and determined to end the business and capital tie-up with Ginza.

## 2. Method of assignment:

All the shares of Ginza held by Sammy will be assigned directly to Mr. Tsuguhiro Ito, President and Representative Director of Ginza.

## 3. Outline of GINZA Co., Ltd.:

- (1) Trade name: GINZA Co., Ltd.
- (2) Location of head office: 43-436, Yamanotacho, Seto City, Aichi Prefecture
- (3) Representative: Tsuguhiro Ito, President and Representative Director
- (4) Establishment: October 27, 1971
- (5) Contents of business: Development, manufacture and sale of pachinko machines and pachislot machines
- (6) Settlement of accounts: March 31 of each year
- (7) Number of employees: 35
- (8) Capital: ¥10 million
- (9) Total number of issued shares: 200 shares
- (10) Principal shareholder and shareholding ratio:
 

Tsuguhiro Ito	:	102 shares (51%)
Sammy Corporation	:	98 shares (49%)

### (11) Operating results for the recent fiscal years:

(thousand yen)	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008
Net sales	1,062,541	12,475,162	29,232,832
Gross profit on sales	143,547	2,736,207	6,756,431
Operating income	(169,207)	42,712	306,204
Ordinary income	(172,619)	15,886	293,708
Net income	(122,062)	12,464	(302,922)
Total assets	682,041	10,620,677	6,995,505
Net assets	(70,332)	(57,867)	(360,789)

4. Number of shares to be assigned and the numbers of shares held by Sammy before and after the assignment:

Number of shares before the assignment:	98 shares (shareholding ratio: 49.0%)
Number of shares to be assigned:	98 shares
Number of shares after the assignment:	0 share (shareholding ratio: 0.0%)

5. Schedule:

November 28, 2008:	Resolution of the Board of Directors
November 28, 2008:	Conclusion of an agreement
March 31, 2009:	Date of delivery of share certificates (plan)

6. Future outlook:

Sammy and Ginza, which have just entered into a basic agreement on the transaction publicized herein, will negotiate about specific terms thereof hereafter. The products planned to be sold as GINZA-brand products for the current fiscal year will be sold as so planned and the transaction will have no effect on the whole-year operating results for the fiscal year ending March 31, 2009. Additionally, the products that Sammy has been entrusted by Ginza to develop and determined to supply will be supplied after the business and capital tie-up is ended.

After the development of the products so entrusted is completed, Sammy will redeploy its management resources by replacing the line for entrusted development of GINZA-brand products with a line for development of more profit-making Sammy-brand products or otherwise. Furthermore, the Group will solidify cooperative ties in development, manufacture and marketing with TAIYO ELEC Co., Ltd. (Head office: Nagoya City, Aichi Prefecture, President and Representative Director: Eriko Sato) with exquisite development capabilities and a fair market share in the pachinko machine business area, specifically, which became its consolidated subsidiary in December 2007 and seek to add synergy, increase a market share and maximize earnings of the Group thorough the development of differentiated machines, further cost reductions, effective utilization of copyrights and effective advertising activities, among others.

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