

(Translation)

December 8, 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 Business Restructuring in Pachinko and Pachislot Machine Business  
by Corporate Sprit of Sammy Corporation and Transfer of Shares in Subsidiary  
(Sammy Systems Co., Ltd.)**

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 December 8, 2008, adopted a resolution to transfer its Hall Total Service Sales division to Sammy Systems Co., Ltd. (Head office: Toshima-ku, Tokyo, President and Representative Director: Yasuhiko Yoshimura, hereinafter "Sammy Systems"), a subsidiary of Sammy, and transfer all shares in Sammy Systems to Japan Cash Machine Co., Ltd. (Head office: Osaka-shi, Oaska, President and Representative Director: Yojiro Kamihigashi, hereinafter "Nihon Kinsen"), as described below:

Description

1. Reasons for business restructuring in pachinko and pachislot machine business:

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. 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.

Under these circumstances, 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 to the pachinko machine business and pachislot machine business, both of which are the Company's core business, and determined to transfer all shares in Sammy

Systems that are dealing with pachinko pachislot peripherals to Nihon Kinsen.

## 2. Overview of the corporate split:

### (1) Schedule:

December 8, 2008:	Resolution of the Board of Directors
Late December, 2008:	Entering into Corporate Split Agreement (plan)
Late February, 2009:	Effective date for Corporate Split (plan)

### (2) Method of corporate split:

This will be an absorption-type corporate split where Sammy is the transferring company and Sammy Systems is the successor company.

### (3) Profile of the parties of the corporate split:

Name	Sammy (Transferring company)	Sammy Systems (Successor company)
Head Office	Sunshine 60 Building, 3-2-1, Higashi Ikebukuro, Toshimaku, Tokyo	UBG Higashi Ikebukuro Building, 2-23-2, Higashi Ikebukuro, Toshima-ku, Tokyo
President	Keishi Nakayama	Yasuhiko Yoshimura
Established	November 1, 1975	January 4, 1954
Business	Development, manufacture, sales of pachislot and pachinko machines	Development, manufacture, sales of pachislot and pachinko peripherals
Settlement of accounts	March 31 of each year	March 31 of each year
Capital	JPY 18,221 million	JPY 179 million
Shares outstanding	84,658,430 shares	70,990 shares
Net assets	JPY 149,645 million (consolidated)	JPY -6,149 million
Total assets	JPY 247,987 million (consolidated)	JYP 2,058 million
Main shareholders and their holdings	SEGA SAMMY HOLDINGS INC. 100%	Sammy Corporation 100%

## 3. Outline of share transfer in Sammy Systems Co., Ltd.:

(1).Outline of Sammy Systems Co., Ltd. (as of September 30, 2008):

- (1) Trade name: Sammy Systems Co., Ltd.
- (2) Location of head office: UBG Higashi Ikebukuro Building, 2-23-2, Higashi Ikebukuro, Toshima-ku, Tokyo
- (3) Representative: Yasuhiko Yoshimura, President and Representative Director
- (4) Establishment: January 4, 1954
- (5) Contents of business: Development, manufacture and sale of pachinko machines pachislot peripheral products
- (6) Settlement of accounts: March 31 of each year
- (7) Number of employees: 82
- (8) Capital: JPY 179 million
- (9) Total number of issued shares: 70,990 shares
- (10) Principal shareholder and shareholding ratio: Sammy Corporation : 70,990 shares (100%)
- (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	4,451,474	2,993,454	3,535,826
Gross profit on sales	485,389	- 198,713	429,358
Operating income	- 983,014	- 1,469,663	- 821,701
Ordinary income	- 932,372	- 1,447,887	- 762,398
Net income	- 1,000,955	- 1,709,434	- 1,608,465
Total assets	2,972,005	2,561,264	2,505,394
Net assets	- 1,198,596	- 2,908,347	- 5,970,766

Remarks1 ): On April 1, 2007, Shunko Electronics Co. Ltd., merged with H.I System Corporation, and the resulting entity was named as Sammy Systems Corporation. And peripheral business operation of both companies was transferred to Sammy Corporation on April 1, 2007.

Remarks 2): The numbers mentioned above in fiscal year ended March 31, 2006 and in fiscal year ended March 31, 2007 are operating results of Shunko Electronics Col. Ltd.

(2) Method of the transfer

All the shares of Sammy Systems held by Sammy will be assigned directly to Nihon Kinsen.

(3) Number of shares to be assigned and the numbers of shares held by Sammy before and after the assignment:

- (1) Number of shares before the assignment: 70,990 (Shareholding ratio: 100%)

- shares
- (2) Number of shares to be assigned: 70,990  
shares
- (3) Number of shares after the assignment: 0 share (Shareholding ratio: 0.0%)
- ※Transfer price is equivalent to fair value of net assets of Sammy Systems. It is limited to capital amount of Sammy Systems (JPY 179 million).

(4) Outline of Japan Cash Machine Co., Ltd.:

- (1) Trade name: Japan Cash Machine Co., Ltd.
- (2) Location of head office: 2-3-15, Nishiwaki, Hirano-ku, Osaka
- (3) Representative: Yojiro Kamihigashi, President and Representative Director
- (4) Establishment: January 11, 1955
- (5) Contents of business: Development, manufacture and sale of pachinko machines pachislot peripheral products
- (6) Settlement of accounts: March 31 of each year
- (7) Number of employees: 635 (consolidated)
- (8) Capital: JPY 2,216 million

(5) Schedule:

- December 8, 2008: Resolution of the Board of Directors
- December 8, 2008: Conclusion of an agreement
- Early March , 2009: Date of delivery of share certificates (plan)

4. Future outlook:

Sammy and Nihon Kinsen, which have just entered into a basic agreement on the transaction publicized herein, will negotiate about specific terms thereof hereafter to conclude final agreement. The corporate split will have negligible impact on the Company's consolidated operating result.

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