

(Translation)

May 13, 2005

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.
Name of Representative: Hajime Satomi,
Chairman, President and Representative
Director

(Code No. 6460, Tokyo Stock Exchange 1st Section)

Further Inquiry: Koichi Fukazawa,
Executive Officer
(TEL: 03-6215-9955)

Notice of Adjustment to the Forecasts of Operating Results of
SEGA SAMMY HOLDINGS INC. and its Subsidiary (SEGA CORPORATION)

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company") has adjusted the forecast of its consolidated operating results for the year ended March 31, 2005 (from April 1, 2004 to March 31, 2005) as publicized on November 10, 2004, and also that SEGA CORPORATION ("Sega"), a subsidiary of the Company, has adjusted the forecast of its consolidated operating results for the year ended March 31, 2005 (from April 1, 2004 to March 31, 2005) as publicized on May 18, 2004 and the forecast of its non-consolidated operating results for the year ended March 31, 2005 (from April 1, 2004 to March 31, 2005) as publicized on November 10, 2004, as described below:

Description

1. Adjustment to the forecasts of operating results of SEGA SAMMY HOLDINGS INC. for the year ended March 31, 2005:
 - (1) Adjustment to the forecast of consolidated operating results for the year ended March 31, 2005 (from April 1, 2004 to March 31, 2005):

(million yen)

	Net Sales	Ordinary Income	Net Income
Adjusted forecast (A)	515,000	104,000	50,000
Previous forecast (B)	528,000	94,000	53,500
Amount of increase or decrease (A-B)	(-) 13,000	10,000	(-) 3,500
Rate of increase or decrease	(-) 2.5%	10.6%	(-) 6.5%
Operating results for the previous year (from April 1, 2003 to March 31, 2004)	-	-	-

* SEGA SAMMY HOLDINGS INC. was established as of October 1, 2004. Hence, no operating results for the previous year are available.

- (2) Adjustment to the forecast of non-consolidated operating results for the year ended March 31, 2005 (from April 1, 2004 to March 31, 2005):

There is no change to the forecast of non-consolidated operating results as publicized on April 27, 2005.

2. Adjustment to the forecasts of operating results of SEGA CORPORATION for the year ended March 31, 2005:

- (1) Adjustment to the forecast of consolidated operating results for the year ended March 31, 2005 (from April 1, 2004 to March 31, 2005):

(million yen)

	Net Sales	Ordinary Income	Net Income
Adjusted forecast (A)	194,900	6,200	1,700
Previous forecast (B)	204,000	12,500	8,000
Amount of increase or decrease (A-B)	(-) 9,100	(-) 6,300	(-) 6,300
Rate of increase or decrease	(-) 4.5%	(-) 50.4%	(-) 78.8%
Operating results for the previous year (from April 1, 2003 to March 31, 2004)	191,257	12,617	8,760

- (2) Adjustment to the forecast of non-consolidated operating results for the year ended March 31, 2005 (from April 1, 2004 to March 31, 2005):

(million yen)

	Net Sales	Ordinary Income	Net Income
Adjusted forecast (A)	102,500	3,600	900
Previous forecast (B)	104,000	5,000	4,500
Amount of increase or decrease (A-B)	(-) 1,500	(-) 1,400	(-) 3,600
Rate of increase or decrease	(-) 1.4%	(-) 28.0%	(-) 80.0%
Operating results for the previous year (from April 1, 2003 to March 31, 2004)	97,268	6,998	9,655

3. Reasons for the adjustment to the forecasts of operating results:

- (1) SEGA SAMMY HOLDINGS INC. (Consolidated)

As described above, Sega is expected to register decreased revenues and profits in comparison with the forecast previously publicized, while Sammy Corporation ("Sammy"), a subsidiary of the Company, is expected to register much more sales of pachislot machines than projected. Overall, net sales of the Group remains almost as projected and ordinary income is

expected to exceed ¥100 billion, two years earlier than projected in its medium-term management plan. Net income is expected to be lower than previously projected, as the Company will account for a loss of ¥10.6 billion from redemption of bonds, as extraordinary losses accruing temporarily in connection with management integration.

(2) SEGA CORPORATION (Consolidated and non-consolidated)

During the business year under review, Sega has aggressively promoted restructuring of its consumer business, including the merger of its development subsidiary, specialization of development by category, sale of its overseas subsidiary and acquisition of an overseas development company possessing potent intellectual properties, among other things. In the process, Sega has exerted its efforts to establish a system to improve profitability from the business year under review, by postponing the launch of new titles to the following business year and making substantial alterations to titles to be developed with the aim of improving the qualities of such titles. As a result, during the business year under review, sales volumes of game software decreased and revenues and profits on both consolidated and non-consolidated bases are expected to decrease in comparison with the forecasts previously publicized. However, we believe that this is a positive result arising from the efforts to step forward from the business year under review.

On April 1, 2005, Sega established a new Consumer Business Group Division by integrating the development divisions and business divisions related with the consumer business. This, uniting its development and marketing functions, is intended to strictly control the schedules, costs and qualities of each title project and clearly define the responsibilities of the business. Sega will steadily promote restructuring to raise profits from the consumer business early.

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