

FY 2008

Full Year Results

May 15th, 2008

SEGA SAMMY HOLDINGS INC

[Disclaimer]

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

【 FY2008 Full Year results 】

【FY2009 Full Year Plan】

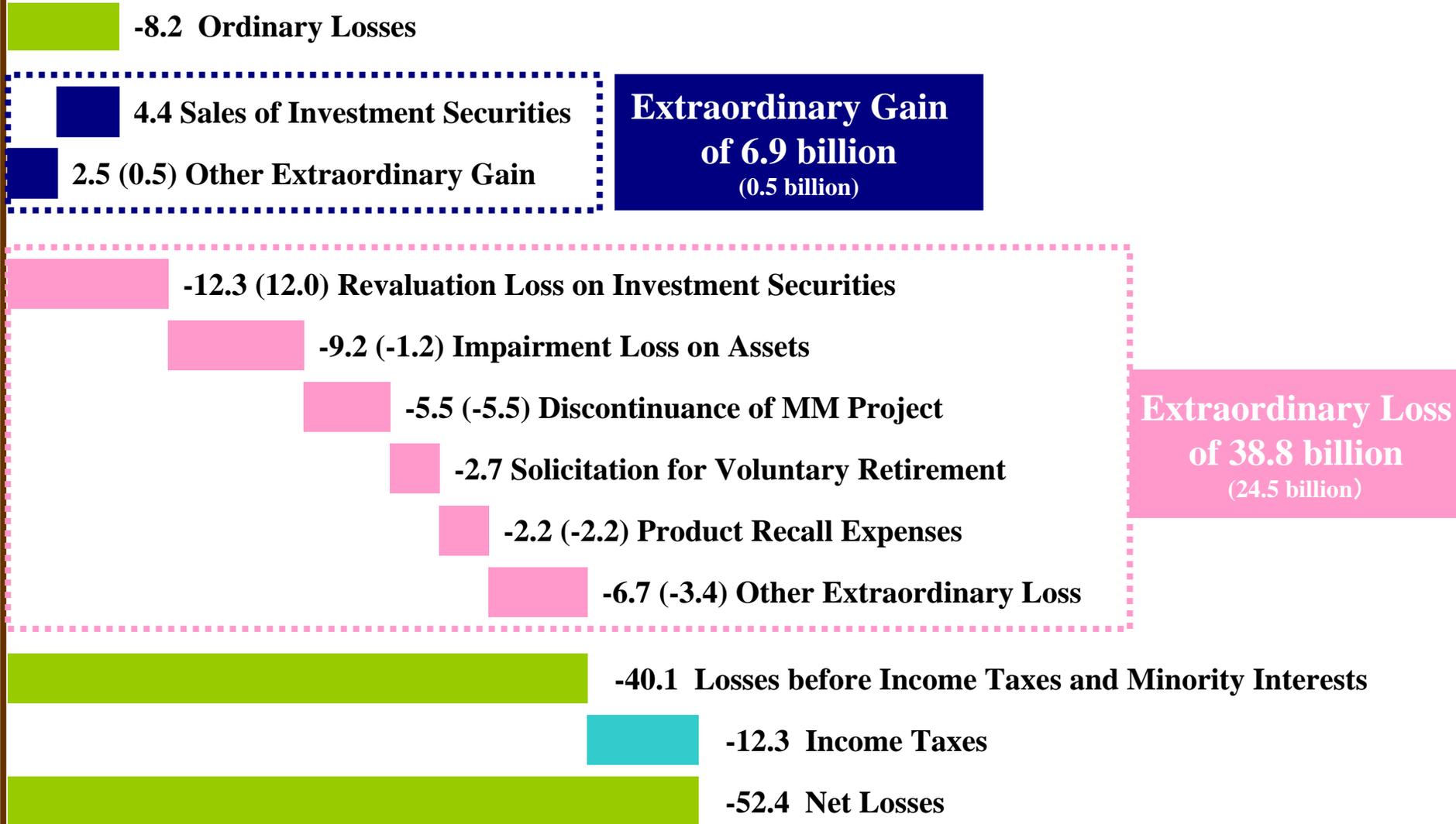
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Items	Points	
Net Sales・Profits	<p>Net sales of 458.9 billion, down 13.1% from FY07, Operating loss of 5.8 billion, Net loss of 52.4 billion</p>	
Segment Overview	■ Pachinko Pachislot	<ul style="list-style-type: none"> ▪ Decrease in sales and profits year-over-year ▪ Pachislot: Units sold and gross margin were decreased year-over-year due to sluggish new regulation market and limited term Pachislot rental plan ▪ Pachinko: Taiyo Elec was steady and contributed, but total units decreased year-over-year
	■ Amusement Machine	<ul style="list-style-type: none"> ▪ Decrease in revenue and profits year over year ▪ Certain main titles were postponed to FY 2009 ▪ Operating income above our latest forecast by posting recall expenses for defective AM machine, which was included in latest plan, as an extraordinary loss.
	■ Amusement Facilities	<ul style="list-style-type: none"> ▪ Decrease in revenue, Operating loss ▪ Same store sales below last year's level ▪ Accelerate closure and selling facilities with low profitability
	■ Consumer	<ul style="list-style-type: none"> ▪ Increase in revenue, Operating loss ▪ Weak sales in domestic game software market ▪ Steady sales in overseas game software market ▪ Operating results of listed subsidiaries below last year's level
	■ Others	<ul style="list-style-type: none"> ▪ Decrease in revenue. Operating loss but, loss amount decreased. ▪ Nissho Inter Life changed from a consolidated subsidiary to an equity-method affiliate

Items	Points		
Stock Acquisition Stock Sales	■ Transferred Fields stock	<ul style="list-style-type: none"> Number of shares transferred : 27,500 shares Favorable trading Relations with Fields continues 	
	■ Transferred Nissho Inter Life (NIL) Stock	07/12/25	<ul style="list-style-type: none"> Sold NIL stock to P ARK Holdings, large Pachinko Pachislot Operator NIL changed from a consolidated subsidiary to an equity-method affiliate.
	■ Acquired its shares in TAIYO ELEC Co., LTD additionally. Made TAIYO ELEC a subsidiary	07/12/07	<ul style="list-style-type: none"> Realize group synergy by sharing Sammy's resources and competence in R&D, production and sales with TAIYO ELEC, developing differentiated products, reducing further costs, utilizing copyright effectively and advertising effectively Number of shares after the acquisition :11,623,100 shares (Shareholding ratio : 50.9%)
Business Alliance	■ Co-developed new character with Sanrio Cooperation	08/01/15	<ul style="list-style-type: none"> Joint development project of new characters including "Jewelpet" was launched
Measures for profit recovery	■ Accelerated closure and sales of Amusement facilities		<ul style="list-style-type: none"> Determined to close or sell approximately 110 facilities based on profitability rating. Completed closure and selling of 88 facilities in FY 2008
	■ Discontinued Yokohama Minato Mirai Project	08/03/28	Please refer to P23 for details
	■ Solicited voluntary retirement at SEGA	08/02/08	Please refer to P23 for details
Others	■ Revaluation loss on investment securities	08/04/04	<ul style="list-style-type: none"> Posted 12.3 billion of impairment loss on investment securities

Extraordinary Items Breakout

(JPY Billion)



* () numbers were not included in the publicized numbers on Feb. 8th and main causes of April 25th forecast revision.

Condensed Consolidated Income Statement

(JPY Billions)	FY 2007		FY 2008			
	Interim Results	FY Results	Interim Results	FY Results		FY plan on Feb. 8
				YOY Change		
Net Sales	283.5	528.2	231.0	458.9	-13.1%	475.0
Operating Income	62.9	76.5	-4.3	-5.8	-	-6.0
Ordinary Income	66.0	81.2	-3.9	-8.2	-	-7.0
Net Income	37.9	43.4	-20.2	-52.4	-	-26.0

Net Assets per share (JPY)	1,362.68	1,341.80	1,196.21	1,030.09	-311.71	-
Net Income per share (JPY)	150.80	172.47	-80.44	-208.26	-	-
Dividends per share (JPY)	30	30 (60)	30	15(45)	-15	-

Condensed Consolidated Balance Sheet

(JPY Million)

【 Assets 】				【 Liabilities and Net Assets 】			
Account	Prior	Current	Change	Account	Prior	Current	Change
Cash and Cash Equivalents	146,645	101,539	- 45,106	Accounts Payable	71,414	49,496	- 21,918
Accounts Receivable	83,492	72,541	- 10,951	Short term borrowings	29,244	27,455	- 1,789
Securities	996	2,495	1,499	Other	52,363	55,912	3,549
Inventories	40,117	51,435	11,318				
Other	40,925	47,028	6,103	Total Current Liabilities	153,021	132,863	- 20,158
				Bonds Payable	15,695	25,679	9,984
Total Current Assets	312,175	275,038	- 37,137	Long Term Debt	1,111	6,988	5,877
Tangible Fixed Assets	111,897	104,029	- 7,868	Other	21,254	22,484	1,229
Intangible Fixed Assets	25,267	20,217	- 5,050				
Investment Securities	63,471	35,608	- 27,863	Total Long-term Liabilities	38,060	55,151	17,091
Other	37,130	34,750	- 2,378	Total Liabilities	191,082	188,014	- 3,068
				Shareholders Equity	348,565	278,253	- 70,312
				Valuation/Translation Adjustments	- 10,496	- 18,733	- 8,237
				Warrants	454	1,070	615
				Minority Interest	20,334	21,038	704
Total Fixed Assets	237,765	194,604	- 43,161	Total Net Assets	358,858	281,627	- 77,231
Total Assets	549,940	469,642	- 80,298	Total Liabilities and Net Assets	549,940	469,642	- 80,298

Topics

- Current Asset: Decreased by 37.1 Billion due to decrease in Cash, Cash Equivalents, Accounts Receivable
- Fixed Asset: Decreased by 43.1 Billion due to decrease in investment securities
- Current Liability: Decreased by 20.1 Billion due to Accounts Payable
- Fixed Liability: Increased by 17.0 Billion due to increase in company debt and long term borrowings.

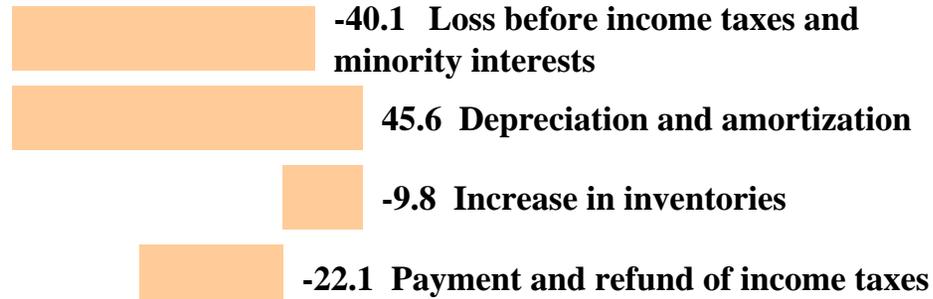
(JPY Billion)	End Mar. 07	End Mar. 08	Change
Total Assets	549.9	469.6	-80.3
Net Assets	358.8	281.6	-77.2
Equity Ratio	61.5%	55.3%	-6.2 pts.
Current Ratio	204.0%	207.0%	+3.0pts.

Cash Flows Breakout

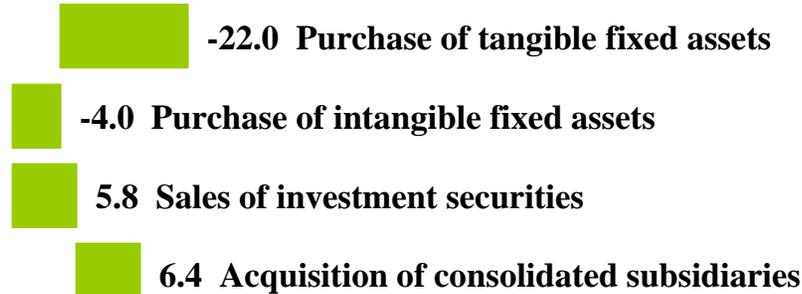
(JPY Billion)

Cash and cash equivalents

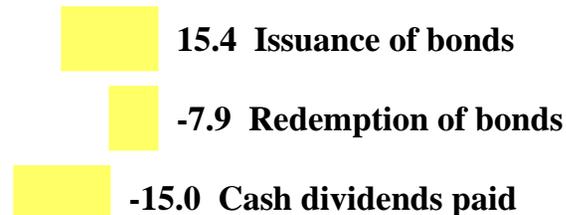
144.8 (2007 March End)



Cash Flows from Operating Activities
-25.8 billion



Cash Flows from Investing Activities
-10.3 billion



Cash Flows from Financing Activities
-7.5 billion

-1.3 Effect of exchange rate changes on cash and cash equivalents, etc

Cash and cash equivalents

99.9 (2008 March End)

Segment Information

(JPY Billions)	FY 2007		FY 2008			
	Interim Results	FY Results	Interim Results	FY Results	YOY Change	FY plan on Feb. 8
Net Sales	283.5	528.2	231.0	458.9	-13.1%	475.0
Pachinko Pachislot	145.0	211.5	99.7	145.5	-31.2%	158.6
Amusement Machines	34.6	75.4	34.3	71.0	-5.8%	72.8
Amusement Facilities	53.5	103.8	47.9	91.2	-12.1%	92.6
Consumer	40.7	119.5	41.2	141.7	+18.5%	142.0
Other	9.6	17.8	7.7	9.3	-47.7%	9.0
Operating Income	62.9	76.5	-4.3	-5.8	-	-6.0
Pachinko Pachislot	63.7	71.1	12.1	8.4	-88.1%	11.0
Amusement Machines	6.6	11.6	1.8	7.1	-38.7%	5.2
Amusement Facilities	2.9	0.1	-2.2	-9.8	-	-11.4
Consumer	-6.7	1.7	-12.5	-5.9	-	-4.7
Other	-0.4	-1.3	-0.2	-0.0	-	-0.1
Eliminations	-3.2	-6.7	-3.4	-5.5	-	-6.0

(JPY Billions)	FY 2007		FY 2008			
	Interim Results	FY Results	Interim Results	FY results		FY forecast on Feb. 8
					YOY change	
Net Sales	145.0	211.5	99.7	145.5	-31.2%	158.6
Pachislot	123.4	173.7	78.8	103.7	-40.2%	110.0
(Rental Portion)	(1.5)	(5.9)	(17.9)	(24.2)	(+310.1%)	-
Pachinko	16.1	28.3	14.1	28.1	-0.7%	34.0
Peripherals and Other	5.5	9.5	6.8	13.8	+45.2%	14.6
Operating Income	63.7	71.1	12.1	8.4	-88.1%	11.0
Operating Margin	43.9%	33.6%	12.1%	5.7%	-27.9 points	6.9%

Summary of FY results

Pachislot

- Overall results had a tough year. Total units sale was 380K, down by 143K units from 523K last year
- Rental plan, limited time offer, has led to deterioration in profitability
 - ⇒ Discontinued contract renewal at the end of Oct, Units at the end of March : about 17K units
- “Hokuto no Ken 2 Next Zone” shipped in Q4
 - ⇒ Reduced material cost with components reuse

Pachinko

- Overall results had a tough year. Total units sales was 108K, down by 24K units from 132K last year
- TAIYO ELEC added to the group from 2nd half of FY 2008. (strong sales in Pachinko machine)
- New machine designed under the new R&D process will be released into the market in 1st half of FY 2009

Shipment Data: Pachislot

Brand	FY 2007	FY 2008	
	FY Results	FY Results	Plan on Feb.8
Sammy	5 titles 426,159 units	6 titles 167,879 units	6 titles 178,000 units
	RODEO	3 title 43,905 units	5 titles 85,117 units
GINZA		2 titles 19,922 units	3 titles 84,639 units
	TAIYO ELEC	- -	1 titles 10,947 units
Unit Supply		7 titles 33,436 units	7 titles 32,106 units
	Total (Rental units)	17 titles 523,422 units (26,487 units)	22 titles 380,688 units (111,334 units)

Shipment Data: Pachislot

Brand	FY 2007	FY 2008	
	FY Results	FY Results	Plan on 2/8
Sammy	11 titles 108,568 units	3 titles 55,617 units	3 titles 65,000 units
	GINZA	4 titles 24,413 units	2 titles 10,931 units
TAIYO ELEC		- -	4 titles 41,636 units
	Total	15 titles 132,981 units	9 titles 108,184 units

Brand	Major Pachislot Titles	Sales	Sold From
Sammy	Pachislot Hokuto no Ken2 Ransehaoden Tenhanoshou	116,710 units	July
	Hokuto no Ken2 Next Zone Tou・Shou	19,884 units	March
RODEO	Devil May Cry 3	48,723 units	June
	Tenkamuteki! Salaryman Kintaro	16,048 units	February
GINZA	Ring ni Kakero1	52,180 units	Previous FY
	Pachislot Uruseiyatsura	27,542 units	May
TAIYO ELEC	Pachislot Densetsu no Miko	10,914 units	December

Brand	Major Pachislot Titles	Sales	Sold From
Sammy	CR Sakura Taisen	41,488 units	August
GINZA	CR Dog of Flandars	6,221 units	February
TAIYO ELEC	CR King Kong	10,686 units	October
	CR Densetsu no Miko	19,453 units	December

* Sales of TAIYO ELEC are added from October

(JPY Billions)	FY 2007		FY 2008			
	Interim Results	FY Results	Interim Results	FY results		FY forecast on Feb. 8
					YOY change	
Net Sales	34.6	75.4	34.3	71.0	-5.8%	72.8
Domestic	31.4	65.7	28.0	60.7	-7.6%	-
Overseas	3.1	9.7	6.3	10.4	+7.2%	-
Operating Income	6.6	11.6	1.8	7.1	-38.7%	5.2
Operating margin	19.0%	15.4%	5.2%	10.0%	-5.4pts.	7.1%

Summary of FY Results

- Steady sales in domestic market, but below last year's level in sales and profits.
 - ⇒ Strong sales of "SEGA Network Mah-jong MJ4" and "Sangokushi Taisen3"
 - ⇒ Major title was postponed to FY 2009
- Strengthening business in the US market and Direct sales scheme for Asian market
 - ⇒ Started a policy of selling machines to Asian market directly from Japan
- Posted an extraordinary loss for defective machine

Major Products (FY 2008)

Major Titles	Category	Sales Results
SEGA Network Mah-jong MJ4	Video Game	Satellite: 8,935 Units Live Kit: 1,492 Units
Star Horse2 Series	Medal Game	Satellite CVT: 8,716 Units Main CVT: 803 Units
Sangokushi Taisen Series	Trading Card Game	Satellite CVT: 3,898 Units Satellite: 712 Units
Derby Owners Club 2008 feel the rush	Video Game	Body: 223 Units

(JPY Billions)	FY 2007		FY 2008			
	Interim Results	FY Results	Interim Results	FY results		FY forecast on Feb. 8
					YOY change	
Net Sales	53.5	103.8	47.9	91.2	-12.1%	92.6
(Overseas)	4.3	9.8	6.1	11.7	+19.3%	-
Operating Income	2.9	0.1	-2.2	-9.8	-	-11.4
Operating Margin	5.4%	0.1%	-	-	-	-
Existing Store Sales Comps	100.2%	95.8%	89.0%	89.0%	-	89.2%
Domestic Facilities	463	449	433	363	-86	371
Facilities Opened	10	18	6	12	-	12
Facilities Closed	9	31	22	92	-	90
Segment Depreciation	8.2	18.0	7.7	17.1	-5.0%	-
Segment Cap-ex	11.8	18.1	8.7	15.9	-12.1%	-

Summary of FY Results

- Both sales and profits results below last year's level due to existing store sales
 - ⇒ SEGA same store sales comps: FY results 89.0%
 - ⇒ Shipped 105M cards this year, tough competition and saturated kids market with many entries to the market.
- Accelerated Scrap and Build in the domestic market
 - ⇒ Opening: 12 Stores, Closing: 92 stores
- Discontinued construction of large scale entertainment facilities in the central ward in Minato Mirai 21
 - ⇒ Posted all costs relating termination of the project as an extraordinary loss.

(JPY Billions)	FY 2007		FY 2008			
	Interim Results	FY Results	Interim Results	FY results		FY forecast on Feb. 8
					YOY change	
Net Sales	40.7	119.5	41.2	141.7	+18.5%	142.0
Entertainment Software	20.8	76.1	19.7	94.8	+24.5%	-
Network/Other	19.9	43.4	21.5	46.9	+8.0%	-
Operating Income	-6.7	1.7	-12.5	-5.9	-	-4.7
Operating Margin	-	1.4%	-	-	-	-
Segment R&D	11.7	26.6	16.4	37.1	+39.4%	-
Sales in Units (thousands)	5,750	21,270	4,910	26,990	+26.8%	26,350

Summary of FY Results

- Domestic sales were below last year's level
- Overseas sales driven by "Mario and Sonic at the Olympic Games" were steady and above last year's level
- The results of three listed group companies in this segment were below last year's level.

Sales Results

Region Breakout		FY 2007		FY 2008		
		FY Results		FY Results		Plan on 2/8
		Titles	Units Sold	Titles	Units Sold	Units Sold
Breakout	Japan	57	5,860	37	2,640	2,810
	US	39	8,230	49	12,060	12,070
	Europe	44	7,180	52	12,270	11,480
Total		140	21,270	138	26,990	26,350

* Sales units in thousands

Breakout		FY 2007		FY 2008	
		FY Results		FY Results	
		Titles	Units Sold	Titles	Units Sold
	PS2	35	3,160	12	1,600
	GC	2	150	0	0
	XBox	0	10	0	0
	PS3	14	1,640	16	1,920
	Wii	7	1,420	28	6,730
	Xbox360	18	1,820	19	2,280
	NDS	13	2,380	28	4,230
	PSP	28	2,100	14	1,270
	GBA	3	380	0	0
	PC	20	2,010	21	1,690
	Catalogue	-	6,190	-	7,260
Total		140	21,270	138	26,990

* Sales units in thousands

Region	Platform	FY 2008 3Q Period Major Releases	Unit Sales
Japan	PS3	Ryu Ga Gotoku Kenzan!	282.8
	NDS	Dinosaur King	183.5
	PS2	Ryu Ga Gotoku2 PlayStation2 the Best	160.2
US	Wii, DS	Mario & Sonic at the Olympic Games	2,511.3
	PS3,X360,Wii, PS2,PSP,DS,PC	The Golden Compass	960.9
	PS3,X360,Wii, PS2,DS	Sega Superstars Tennis	565.7
EU	Wii, DS	Mario & Sonic at the Olympic Games	3,047.1
	PS3,X360,Wii, PS2,PSP,DS,PC	The Golden Compass	1321.8
	X360,PSP,PC	Football Manager 2008	837.7

* Sales units in thousands

(JPY Billions)	FY 2007		FY 2008		
	Interim Results	FY Results	Interim Results	FY Results	YOY change %
R&D	23.0	52.1	29.8	65.3	+25.3%
Ca-pex	23.7	36.6	(*1) 35.0	(*1)50.4	+37.7%
Depreciation	11.5	28.0	(*2) 29.6	(*2)45.6	+62.8%
Advertising	10.2	22.2	9.0	22.8	+2.7%

(*1): Includes pachislot rental assets of 17.1 billion Yen (full year)

(*2): Includes pachislot rental assets of 17.3 billion Yen (full year)

Summary of FY Results

- Depreciation and Capital Expenditure increased substantially.
⇒ This is because rental assets were recognized as Ca-pex and the all expenses were depreciated.
- R&D expense increased much compared with last year
⇒ Continue to increase R&D expense for creating software for overseas market

Listed Subsidiaries Results



Sammy NetWorks



(Consolidated: JPY Billion)	FY 2007		FY2008		
	Interim Results	FY Results	Interim Results	FY Results	
					YOY Change
Net Sales	4.48	10.62	5.53	11.14	+4.9%
Operating Income	1.18	2.52	0.64	1.69	-32.9%
Operating Margin	26.3%	23.7%	11.6%	15.2%	-8.5pts.

(Consolidated: JPY Billion)	FY 2007		FY2008		
	Interim Results	FY Results	Interim Results	FY Results	
					YOY Change
Net Sales	7.82	15.20	7.94	16.81	+10.5%
Operating Income	0.28	0.33	-0.32	-0.69	-
Operating Margin	3.6%	2.1%	-	-	-

Sammy NetWorks

- **Sales increased, but Profits decreased**
- **“777 town.net” for PC became core business**
- **Restructuring of overseas subsidiary**
Posed an extraordinary loss due to withdrawal from China business. As a result of that, restructuring in overseas subsidiary was almost completed.
- **Still facing difficulty in “muPass” business**
To select necessary services among current all services and plan to shrink business volume

SEGA TOYS

- **Domestic sales**
Sluggish sales in Christmas season
- **Overseas sales**
Strong sales driven by “Bakugan” products
- **Profits**
Profitability was decreased drastically due to underperformance of high profitability products in domestic sales and reduction in inventory valuation.



(Non-Consolidated: JPY Billion)	FY 2007		FY2008		
	Interim Results	FY Results	Interim Results	FY Results	
					YOY Change
Net Sales	3.73	13.52	11.14	25.33	+87.3%
Operating Income	-1.13	-1.53	0.40	1.65	-
Operating Margin	-	-	3.6%	6.5%	-



(Consolidated: JPY Billion)	FY 2007		FY2008		
	Interim Results	FY Results	Interim Results	FY Results	
					YOY Change
Net Sales	6.58	15.59	7.35	14.97	-4.0%
Operating Income	0.69	1.60	0.43	0.88	-45.1%
Operating Margin	10.4%	10.3%	5.9%	5.9%	-4.4pts.

TAIYO ELEC

■ Drastic recovery

Sale and profits above last year's level

■ Strong Sales of Pachiko machine

With repeat sales of "CR Kido Shinsengumi Moeyo Ken" and strong sales of "CR Densetsu no Miko", total sales qty became 68,213 units with 7 types machines, increased by 10,425 units from last year.

■ Entering Pachislot business in earnest

With strong sales of Pachislot "Marvel Heros" and sales of Pachislot "Densetsu no Miko" through Sammy's sales networks, total sales qty became 23,873 units with the 2 machines

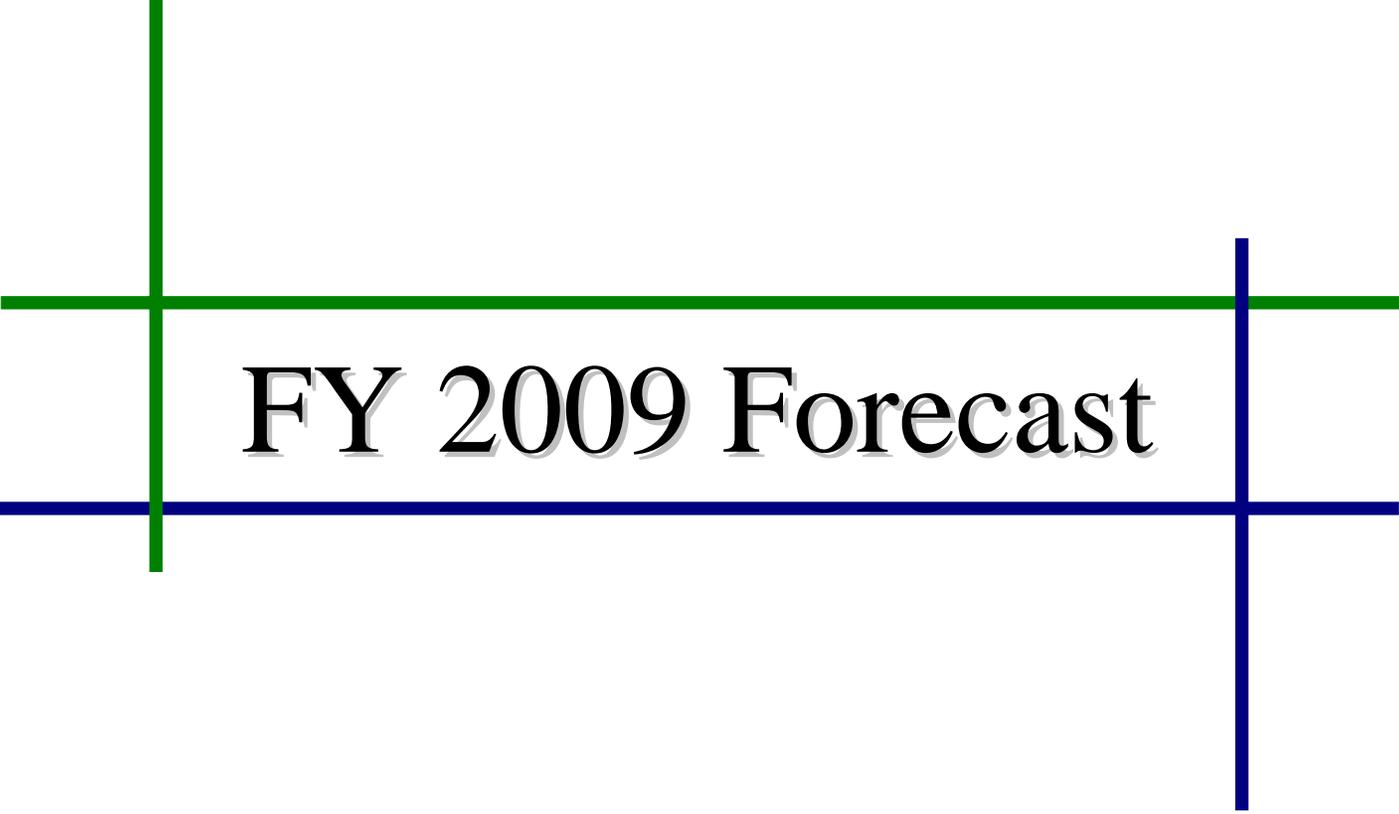
TMS Entertainment

■ Sales decreased by 0.62 billion

Decrease in movie creation in Animation business
Decrease in overseas sales and video sales.

■ Operating income decreased by 0.72 billion

Decrease in movie sales, overseas sales and video sale.
Increase of depreciation, increase of selling, general and administrative expense.



FY 2009 Forecast

Management Issue	Initiatives
Strengthening Pachinko Business	Strengthen R&D stressing severe quality check system
Improving profitability in Amusement facilities business	Clarify open close standard Continue scrap and build process with a focus on optimizing the facility portfolio
	Pursue effective management by fundamental review of headquarters management system
Improving profitability in Domestic consumer business	Review lineup strategy
	Start producer system Recruit outside influential creators

New management systems for recovery of core business and long time business growth

- SEGA :Okitane Usui President and Representative Director (COO)
- Sammy :Keishi Nakayama President and Representative Director (COO)

(JPY Billions)	FY 2008		FY 2009			
	Interim Results	Full Year Results	Interim Plan		Full Year Plan	
				YoY Change		YoY Change
Net Sales	231.0	458.9	200.0	-13.4%	470.0	+2.4%
Operating Income	-4.3	-5.8	-10.0	-	15.0	-
Ordinary Income	-3.9	-8.2	-11.0	-	13.0	-
Net Income	-20.2	-52.4	-12.0	-	5.0	-
Net assets per share (JPY)	1,196.21	1,030.09	-	-	-	-
Net income per share (JPY)	-80.44	-208.26	-47.63	-	19.85	-
Dividend per share (JPY) (total amount)	30	15(45)	15	-15	15 (30)	-15

Segment Plan

(JPY Billions)	FY 2008		FY 2009			
	Interim Results	Full Year Results	Interim Plan		Full Year Plan	
				YoY Change		YoY Change
Net Sales	231.0	458.9	200.0	-13.4%	470.0	+2.4%
Pachinko Pachislot	99.7	145.5	68.0	-31.7%	160.0	+9.9%
Amusement Machines	34.3	71.0	36.5	+6.4%	76.0	+7.0%
Amusement Facilities	47.9	91.2	39.0	-18.5%	78.0	-14.4%
Consumer	41.2	141.7	55.0	+33.4%	153.0	+7.9%
Other	7.7	9.3	1.5	-80.5%	3.0	-67.7%
Operating Income	-4.3	-5.8	-10.0	-	15.0	-
Pachinko Pachislot	12.1	8.4	2.5	-79.3%	13.0	+54.7%
Amusement Machines	1.8	7.1	2.0	+11.1%	5.5	-22.5%
Amusement Facilities	-2.2	-9.8	-0.8	-	-1.5	-
Consumer	-12.5	-5.9	-10.8	-	3.3	-
Other	-0.2	-0.0	0.1	-	0.1	-
Eliminations	-3.4	-5.5	-3.0	-	-5.4	-

Segment Plan: Pachinko Pachislot

(JPY Billion)	FY 2008		FY 2009			
	Interim Results	Full Year Results	Interim Plan		Full Year Plan	
				YoY Change		YoY Change
Net Sales	99.7	145.5	68.0	-31.7%	160.0	+9.9%
Pachislot	78.8	103.7	27.9	-64.5%	70.1	-32.4%
(Rental Portion)	(17.9)	(24.2)	(-)	(-)	(-)	(-)
Pachinko	14.1	28.1	34.9	+147.5%	77.3	+175.0%
Peripherals and Other	6.8	13.8	5.2	-23.5%	12.5	-9.4%
Operating Income	12.1	8.4	2.5	-79.3%	13.0	+54.7%
Operating Margin	12.1%	5.8%	3.6%	-8.5 points	8.1%	+2.3 points

Summary of FY 2009 Plan

Pachislot

- Units sales forecast in FY 2009: 248,000 units, down 132K units from FY 2008
⇒ Based on 750 thousands units in total market volume and Sammy keeps market share
- Considering sagging pachislot market situation, we will not plan to supply big titles in this FY.
- Gross margin improvement on mid-long term stand point
⇒ Plan to standardize chassis and components in the group, and increase reuse components to reduce cost

pachinko

- Units sales forecast in FY 2009: 280,000 units, increase 172K units from FY 2008
⇒ Based on 3 million units in total market volume and Sammy increases market share
- Develop and supply truly marketable products
⇒ Supply several major titles developed after moving new development system stressing quality
⇒ Aim to increase units sales by implement new frame of machine and effective advertisement for major titles
- Collaboration with TAIYO ELEC
⇒ Expecting increase in units sales and decrease in manufacturing cost

Pachislot / Pachinko industry association, announced the voluntary van on replacing new machines in consideration of “Environmental Summit in Hokkaido” to be held from July 7th to July 9th. Due to this factor, overall market shipments is expect to decrease in 1Q and 2Q temporarily.

Segment Plan: Pachinko Pachislot

Shipment Data: Pachislot

Brand	FY 2008		FY 2009	
	Interim Results	FY Results	Interim Plan	FY Plan
Sammy	5 titles	6 titles	3 titles	7 titles
	147,819 units	167,879 units	40,000 units	100,000 units
RODEO	3 titles	5 titles	2 titles	4 titles
	58,336 units	85,117 units	20,000 units	55,000 units
GINZA	2 titles	3 titles	2 titles	5 titles
	76,166 units	84,639 units	25,000 units	60,000 units
TAIYO ELEC	-	1 titles	1 titles	3 titles
	-	10,947 units	5,000 units	15,000 units
Unit Supply	6 titles	7 titles	2 titles	4 titles
	28,175 units	32,106 units	8,000 units	18,000 units
Total (Rental units)	16 titles	22 titles	10 titles	23 titles
	310,496 units (109,342 units)	380,688 units (111,334 units)	98,000 units (-)	248,000 units (-)

Shipment Data: Pachinko

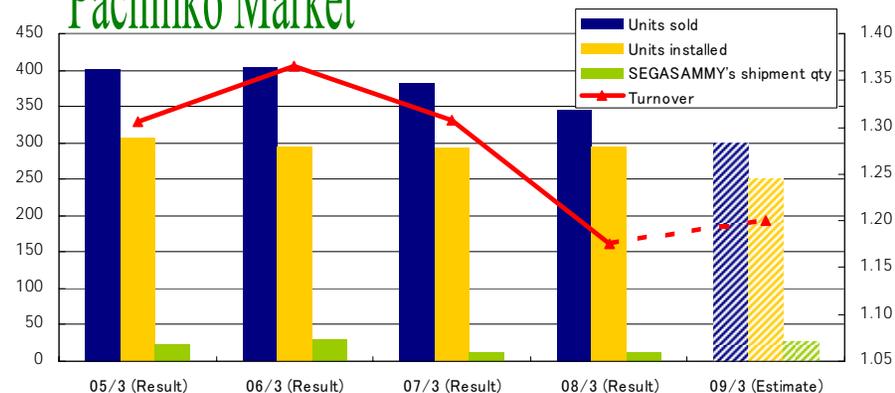
Brand	FY 2008		FY 2009	
	Interim Results	FY Results	Interim Plan	FY Plan
Sammy	1 title	3 titles	3 titles	6 titles
	51,931 units	55,617 units	75,000 units	130,000 units
GINZA	1 title	2 titles	2 titles	4 titles
	4,710 units	10,931 units	10,000 units	50,000 units
TAIYO ELEC	-	4 titles	3 titles	6 titles
	-	41,636 units	40,000 units	100,000 units
Total	2 titles	9 titles	8 titles	16 titles
	56,641 units	108,184 units	125,000 units	280,000 units

* Titles : Number of new products launched in the FY
 * Unit Supply : Supply Pachislot units to another Pachislot Company

Pachislot Market



Pachinko Market



* The data not publicized yet and 2009 market numbers are based on the company's projection

Segment Plan: Amusement Machines

(JPY Billion)	FY 2008		FY 2009			
	Interim Results	Full Year Results	Interim Plan		Full Year Plan	
				YoY Change		YoY Change
Net Sales	34.3	71.0	36.5	+6.4%	76.0	+7.0%
Domestic	28.0	60.7	32.7	+16.7%	64.0	+5.4%
Overseas	6.3	10.4	3.8	-39.6%	12.0	+15.3%
Operating Income	1.8	7.1	2.0	+11.1%	5.5	-22.5%
Operating margin	5.2%	9.5%	5.4%	+0.2 points	7.2%	-2.3 points

Summary of FY 2009 Plan

- Segment sales in FY 2009 will be 76.0 billion, 7.0% up from FY2008
- Popular big title machine to be launched
 - ⇒ Plan to increase in revenue with the sales of “WORLD CLUB Champion Football”, “Galileo Factory”
- Aim to increase profitability in overseas business
 - ⇒ Establish system to sell products to Asian market directly from Japan
 - ⇒ Strengthen local R&D capability in the US area
- Start project to review material cost
 - ⇒ Aim to supply quality products maintaining current gross margin at lower price

FY 2009 Main Titles

Title	Date (Plan)	Machine Type
WORLD CLUB Champion Football	2008/6	Trading Card Game
Galileo Factory	In this FY	Medal Game
UFO CATCHER 8	In this FY	Prize Machine

Segment Plan: Amusement Facilities

(JPY Billion)	FY 2008		FY 2009			
	Interim Results	Full Year Results	Interim Plan		Full Year Plan	
				YoY Change		YoY Change
Net Sales	47.9	91.2	39.0	-18.5%	78.0	-14.4%
(Overseas)	6.1	11.7	5.0	-18.0%	10.3	-11.9%
Operating Income	-2.2	-9.8	-0.8	-	-1.5	-
Operating Margin	-	-	-	-	-	-
Existing Store Sales Comps	89.0%	89.0%	100.2%	-	104.3%	-
Domestic Facilities	433	363	342	-	347	-16
Facilities Opened	6	12	4	-	12	-
Facilities Closed	22	92	25	-	28	-
Segment Depreciation	7.7	17.1	5.9	-23.3%	13.9	-18.7%
Segment Cap-ex	8.7	15.9	6.2	-28.7%	13.6	-14.4%

Summary of FY 2009 Plan

- Segment sales in FY 2009 will be 78.0 billion, -14.4% from FY 2008
- Sega existing store sales are forecasted to be 4.3% up from FY 2008.
 - ⇒ Profitability to be improved by scraps of low profitable stores
 - ⇒ Seek effective business operation by fundamental review on the functions of headquarter
 - ⇒ Improve the profitability by strengthening sales force for each machine category

(JPY Billions)	FY 2008		FY 2009			
	Interim Results	Full Year Results	Interim Plan		Full Year Plan	
				YoY Change		YoY Change
Net Sales	41.2	141.7	55.0	+33.4%	153.0	+7.9%
Entertainment Software	19.7	94.8	33.4	+69.5%	103.0	+8.6%
Network/Other	21.5	46.9	21.6	+0.4%	50.0	+6.6%
Operating Income	-12.5	-5.9	-10.8	-	3.3	-
Operating Margin	-	-	-	-	2.1%	-
Segment R&D	16.4	37.1	19.4	+18.2%	37.8	+1.8%
Sales in Units (thousands)	4,910	26,990	10,300	+109.7%	31,710	+17.4%

Summary of FY 2009 Plan

- Segment sales in FY 2009 will be 153.0 billion, +7.9% from FY 2008
- Continue to effort to improve profitability in domestic business
 - ⇒ Significant revision of the line-up strategies
 - ⇒ Implement producer system, Recruit influential creator
- Plan to sell big titles to overseas markets
 - ⇒ To launch popular movie titles
- Forecast improvement in profitability of listed group companies

FY2009 Main titles

Titles	Area	Date (Plan)
Sonic Unleashed	US and Europe	In this FY
Aliens Colonial Marines		In this FY
Iron man		In April

Sales Results / Plan

(Units: thousand)		FY 2008				FY 2009			
		Interim Results		FY Results		Interim Plan		FY Plan	
		Titles	Units Sold	Titles	Units Sold	Titles	Units Sold	Titles	Units Sold
Breakout	Japan	14	930	37	2,640	17	1,940	37	5,610
	US	7	1,720	49	12,060	20	4,270	52	13,490
	Europe	11	2,270	52	12,270	20	4,090	55	12,610
Total		32	4,910	138	26,990	57	10,300	144	31,710

(Units: thousand)		FY 2008				FY 2009			
		Interim Results		FY Results		Interim Plan		FY Plan	
		Titles	Units Sold	Titles	Units Sold	Titles	Units Sold	Titles	Units Sold
Breakout	PS2	6	250	12	1,600	5	730	9	1,310
	GC	0	0	0	0	0	0	0	0
	XBox	0	0	0	0	0	0	0	0
	PS3	1	210	16	1,920	9	1,180	28	4,890
	Wii	4	180	28	6,730	8	1,220	21	4,040
	Xbox360	1	210	19	2,280	7	950	21	3,750
	NDS	10	650	28	4,230	17	2,480	43	6,080
	PSP	7	460	14	1,270	3	300	4	400
	GBA	0	0	0	0	0	0	0	0
	PC	3	350	21	1,690	8	390	18	2,580
	Catalogue	0	2,600	-	7,260	-	3,060	-	8,680
Total		32	4,910	138	26,990	57	10,300	144	31,710

(JPY Billions)	FY 2008		FY 2009		
	Interim Results	FY Results	Interim Plan	FY Plan	YOY change
R&D	29.8	65.3	34.3	66.3	+1.5%
Ca-pex	(*1) 35.0	(*1)50.4	11.3	23.6	-53.1%
Depreciation	(*2) 29.6	(*2)45.6	9.7	22.2	-51.3%
Advertising	9.0	22.8	11.8	25.5	+11.8%

(* 1): Includes pachislot rental assets of 17.1 billion Yen (full year)

(* 2): Includes pachislot rental assets of 17.3 billion Yen (full year)

Summary of FY 2009 Plan

- R&D expense maintain last year's level
- Large decline in capital expenditure and depreciation
 - ⇒ Expect no more asset capitalization of rental machines, a specific factor in FY 2008
- Plan to increase advertising expense from 22.8 billion to 22.5 billion
 - ⇒ Increase advertising cost for sales of major pachinko title

Listed Subsidiaries Forecast



Sammy NetWorks



(Consolidated: JPY Billion)	FY 2008		FY2009		
	Interim Results	FY Results	Interim Plan	FY Plan	
					YOY Change
Net Sales	5.53	11.14	5.19	10.88	-2.4%
Operating Income	0.64	1.69	0.81	1.67	-1.0%
Operating Margin	11.6%	15.2%	15.8%	15.4%	+0.2pts.

(Consolidated: JPY Billion)	FY 2008		FY2009		
	Interim Results	FY Results	Interim Plan	FY Plan	
					YOY Change
Net Sales	7.94	16.81	7.25	16.70	-0.7%
Operating Income	-0.32	-0.69	0.01	0.42	-
Operating Margin	—	-	0.1%	2.5%	-

Sammy NetWorks

■ Maintain profitability in core business

Amusement business (“777 town.net (PC)”, “Sammy 777 town (Mobile)” and so forth)

■ Point media business

Plan to launch mobile version of major service, “Yoso net” and foster it as third pillar of this segment.

■ Build “New business planning depart

Strengthen R&D system for new service

SEGA TOYS

■ To cultivate “Adult oriented entertainment” market

■ Differentiate and revitalize existing toys

■ Supply unique products in overseas market

■ Strength business management system to control profitability by reviewing and changing current cost structure



(Non-consolidated: JPY Billion)	FY 2008		FY2009		
	Interim Results	FY Results	Interim Plan	FY Plan	
					YOY Change
Net Sales	11.14	25.33	11.50	30.00	+18.4%
Operating Income	0.40	1.65	0.30	1.70	+2.5%
Operating Margin	3.6%	6.5%	2.6%	5.6%	-0.9pts.

(Consolidated: JPY Billion)	FY 2008		FY2009		
	Interim Results	FY Results	Interim Plan	FY Plan	
					YOY Change
Net Sales	7.35	14.97	7.52	16.07	+7.3%
Operating Income	0.43	0.88	0.30	0.97	+10.2%
Operating Margin	5.9%	5.9%	4.0%	6.0%	+0.1pts.

TAIYO ELEC

■ Establish TAIYO ELEC brand of Pachinko machine

In response to market needs widely, TAIYO ELEC will develop and launch variety of killer title machines to the market for establishment of TAIYO ELEC brand

■ Launch unique Pachislot machine

Continue to carry out unhackneyed product launches with popularity and also sell machines using the Sammy's Pachislot chassis

■ Accelerate business alliance with Sammy

Accumulate IP, Advertisement, Standardize components and so forth

TMS - Entertainment

■ Sale in Animation business:

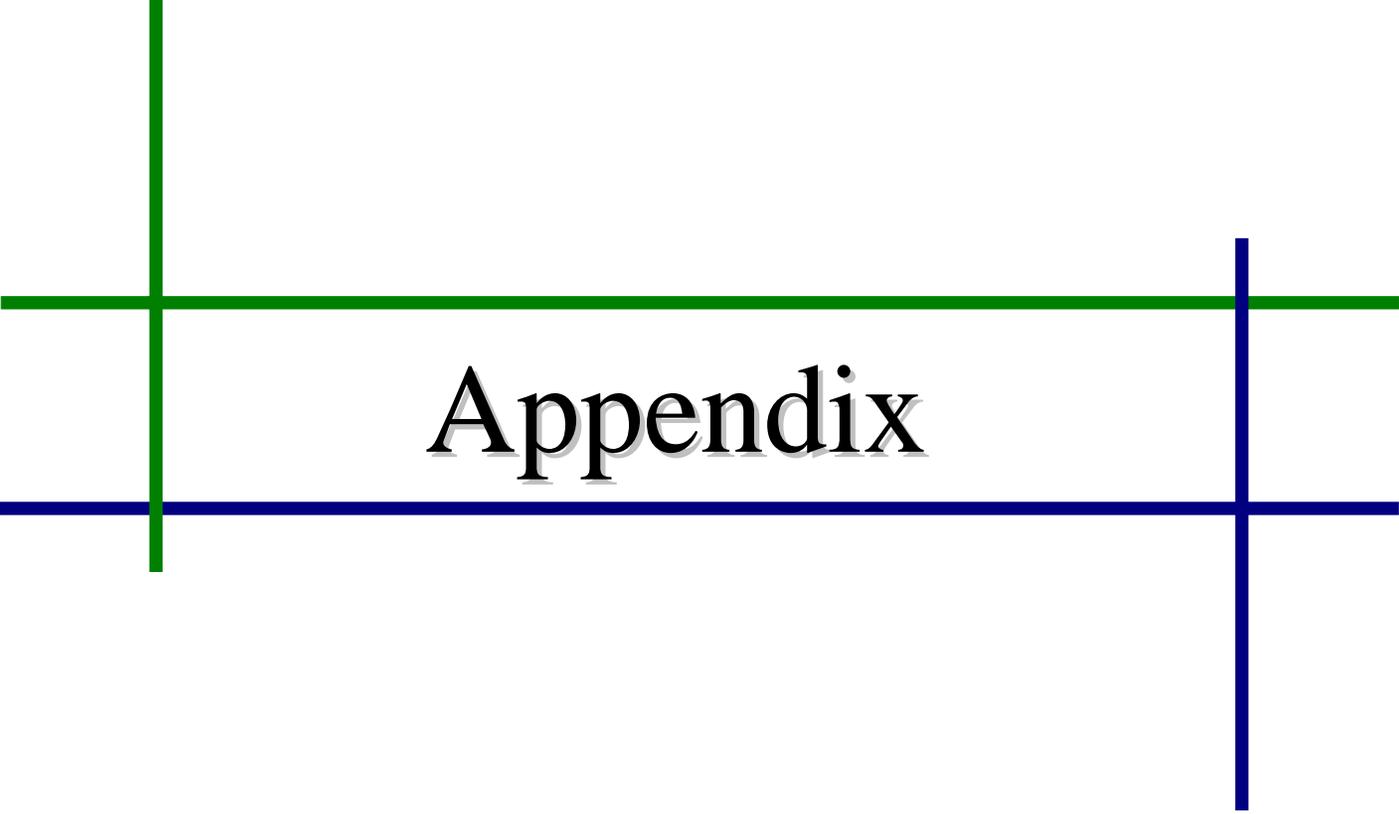
Increase by 1.1 billion or 10.8% increase year-over-year
Plan to increase in TV creation, Movie, Network business

■ Sale in Amusement business:

Maintain current level

■ Operating income:

Increase 10.2% due to big decrease in advertising and sales administrative expense in Animation business



Appendix

Company Overview

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

Major Shareholders		Equity Shares	% Voting
1	Hajime Satomi	43,569,338	17.45%
2	Mellon Bank, NA Treaty Clients Omnibus	33,221,522	13.30%
3	Sega Sammy Holdings	31,292,007	-
4	Hero and Company	20,141,569	8.06%
5	FSC Co., Ltd.	14,172,840	5.67%
6	State Street Bank and Trust Company	11,249,971	4.50%
7	The Master Trust Bank of Japan, Ltd. (As Trustee)	7,601,600	3.04%
8	Japan Trustee Services Bank, Ltd. (As Trustee)	3,877,400	1.55%
9	JP Morgan Chase Bank 380055	3,735,532	1.49%
10	The Bear Stearns Companies, Inc.	2,978,556	1.19%

Shareholder Data		
Type	% of Shares	% by Number of Shareholders
Financial Institutions	9.85%	0.07%
Securities Companies	0.61%	0.05%
Other Companies	7.54%	0.83%
Foreign Institutions and Individuals	37.07%	0.46%
Japanese Individuals and Other	33.87%	98.59%
Treasury stock	11.05%	0.00%

Shareholders
99,035

Data as of March 31th, 2008

Subsidiary	Listed on:	Main operations	Shares held by the Company (Percentage of voting rights)
Sammy NetWorks Co., Ltd. http://www.sammy-net.jp/ 	TSE Mothers Securities code: 3745	<u><Consumer></u> Distribution of music related content and game related content through mobile phones and the Internet.	24,804 shares (56.3%)
SEGA TOYS, LTD. http://www.segatoys.co.jp/ 	JASDAQ Securities code: 7842	<u><Consumer></u> Design, development and sales of toys	11,250,000 shares (52.4%)
TAIYO ELEC Co., Ltd. http://www.taiyoelec.co.jp/ 	JASDAQ Securities code: 6429	<Pachinko Pachislot> Design, development and sales of Pachinko and Pachislot machine	11,623,100 shares (50.9%)
TMS Entertainment Ltd. http://www.tms-e.co.jp/ 	NSE 2 nd Section Securities code: 3585	<u><Consumer - Amusement Facilities></u> Planning, production, sales and export of animation films, and amusement businesses	23,549,000 shares (55.8%)

(*) Sammy, 100% subsidiary of Sega Sammy Holdings, holds the shares of TAIYO ELEC

Data as of March 31th, 2008

Pachinko Halls

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

	2002	2003	2004	2005	2006	2007
Number of pachinko halls with pachinko machines installed	15,255	14,695	13,844	12,913	12,588	12,039
Number of pachinko halls with pachislot machines installed	1,249	1,381	1,773	2,252	2,086	1,546
Total	16,504	16,076	15,617	15,165	14,674	13,585

Pachinko Pachislot Unit Sales • Installed Base • Market Scale

		2002	2003	2004	2005	2006	2007
Pachinko	Units sold	3,174,079	3,686,677	4,013,153	4,047,999	3,831,211	-
	Units installed	3,252,241	3,227,239	3,077,537	2,960,939	2,932,952	2,954,386
	Market size (millions of yen)	561,506	672,055	786,535	869,940	875,009	-
Pachislot	Units sold	1,501,894	1,842,392	1,672,049	1,786,292	1,637,853	-
	Units installed	1,606,123	1,660,839	1,887,239	1,936,470	2,003,482	1,635,860
	Market size (millions of yen)	396,566	526,354	522,582	537,349	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	Sammy	32.1	591,754	Sammy	40.4	676,933	Sammy	33.9	607,106	Sammy	32.9	523,422
2	Olympia	18.5	340,000	Olympia	16.4	275,000	Daito Giken	13.2	236,000	Daito Giken	12.2	200,000
3	Aruze	13.6	250,559	Yamasa	8.9	150,000	Olympia	10.4	187,000	Yamasa	10.5	173,000
4	Yamasa	11.9	220,000	Daito Giken	7.8	132,000	Yamasa	8.4	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	9.4	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	Sammy	6.7	248,533	Newgin	6.9	278,000	Sammy	7.1	288,895	Daiichi	5.1	195,947
				Sammy	5.8	233,049				Sammy	3.5	132,981

Source: Yano Research Institute Ltd.



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

JPY Millions

		2003	2004	2005	2006	2007
AM machines net sales		177,889	180,550	199,227	223,357	-
AM facilities operations net sales		637,744	649,223	682,458	702,857	-
Number of amusement centers		10,759	10,109	9,515	9,091	8,652
Number of game machine units installed		428,358	438,986	445,025	460,031	474,808
Number of game machine units installed per center		39.8	43.4	46.8	50.6	54.9
Home videogame	Hardware net sales	704,513	440,702	872,740	958,129	-
	Software net sales	429,850	468,412	487,110	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)



<http://www.segasammy.com/>

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The contents in 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 the currently available information. These contents involve risk and uncertainty, and the actual results may differ materially from these contents/comments.

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<http://sega.jp/> (SEGA)

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