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Securities Code: 6460
June 1, 2011

Hajime Satomi
Chairman of the Board and Chief Executive Officer
SEGA SAMMY HOLDINGS INC.
Shiodome Sumitomo Building,
1-9-2 Higashi Shimbashi, Minato-ku, Tokyo, Japan

Dear Shareholders:

Notice of the 7th Ordinary General Meeting of Shareholders to be held on June 23, 2011

You are cordially invited to attend the 7th Ordinary General Meeting of Shareholders of SEGA SAMMY HOLDINGS INC. (the “Company”) to be held at Event Hall, Bellesalle Shiodome of Sumitomo Fudosan Shiodome Hamarikyu Building, 8-21-1 Ginza, Chuo-ku, Tokyo, 104-0061, Japan on Thursday, June 23, 2011 at 10:00 a.m. for the purposes listed below.

If you are unable to attend the meeting in person, you may exercise your voting rights by either mail (in writing) or via the Internet. Therefore, please review the attached Reference Documents for General Meeting of Shareholders, and kindly exercise your voting rights before 6:00 p.m., Japan Standard Time, on Wednesday, June 22, 2011.

Details of the Meeting

- 1. Date and time:** Thursday, June 23, 2011 at 10:00 a.m.
- 2. Venue:** Event Hall, Bellesalle Shiodome
Sumitomo Fudosan Shiodome Hamarikyu Building
8-21-1 Ginza, Chuo-ku, Tokyo, 104-0061, Japan
- 3. Agenda:**
 - Matters to be reported:**
 1. The Business Report and the Consolidated Financial Statements for the 7th fiscal year (from April 1, 2010 to March 31, 2011) and results of audits by the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the 7th fiscal year (from April 1, 2010 to March 31, 2011)

Matters to be resolved:

Proposal 1: To amend certain parts of the Articles of Incorporation

Proposal 2: To elect six (6) Directors

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- * If you attend the meeting in person, please submit the enclosed voting form at the reception desk at the meeting location on the day of the meeting.
 - * Pursuant to the provisions of laws and regulations and the Articles of Incorporation, Internal Control System and so forth to Ensure Appropriate Business Execution in the Business Report, Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are posted on the website of the Company.
 - * The Business Report and Consolidated/Non-consolidated Financial Statements audited by the Accounting Auditor and the Board of Corporate Auditors include Internal Control System and so forth to Ensure Appropriate Business Execution, Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements, which are posted on the website of the Company.
 - * Should any change need to be made to the Reference Documents for General Meeting of Shareholders, Business Report or Consolidated/Non-consolidated Financial Statements, such changes shall be posted on the website of the Company (Japanese only).
 - * For voting results, an extraordinary report shall be posted on the website of the Company in place of Notice of Resolutions. Information in English will be posted on our English website (<http://www.segasammy.co.jp/english/ir/library/data.html>).

Information on Exercise of Voting Rights

Exercise of voting rights by mail

Indicate “for” or “against” the proposals on the voting form enclosed and return the said form to the Company so that it is received no later than the deadline for exercising your voting rights, indicated above.

Exercise of voting rights via the Internet

(1) Exercise of voting rights

- (i) Access the voting website designated by the Company (<http://www.evotep.jp/>), log on using the “voting rights exercise code” and “temporary password” printed on the enclosed voting form, and follow the on-screen instructions (Japanese language only) to enter “for” or “against” the proposals before the deadline for exercising your voting rights, indicated above.
- (ii) In order to prevent unauthorized access by persons other than shareholders (spoofing) and falsification of entries, you are kindly requested to change the “temporary password” once you log on to the voting website.

(2) Voting website

- (i) You may exercise your voting rights by accessing the voting website designated by the Company (<http://www.evotep.jp/>) from a PC or mobile phone (i-mode, EZweb or Yahoo! Keitai). (Please note that the website cannot be accessed between 2 a.m. and 5 a.m. daily, Japan Standard Time) (“i-mode”, “EZweb” and “Yahoo!” are trademarks or registered trademarks of NTT DoCoMo, Inc., KDDI Corporation and U.S. Yahoo! Inc., respectively.)



You may also access the voting website by using a mobile phone equipped with a QR code reader to read the QR code on the right:

Please check the usage instructions for your mobile phone for further details regarding the use of the QR code reader.

- (ii) You may be unable to use the voting website depending on your Internet configuration, firewall, anti-virus software and proxy server settings.
- (iii) You must have access to either i-mode, EZweb or Yahoo! Keitai services to exercise your voting rights via mobile phone. Please note that the voting website is only accessible from a mobile handset capable of communicating encrypted data (i.e. SSL) and mobile phone data for security purposes.
- (iv) Please note that any costs incurred in accessing the voting website (e.g. dial-up connection fees and telephone charges) shall be borne by the shareholder. Please note that any costs incurred in voting via mobile phone, including packet charges, shall also be borne by the shareholder.

Treatment of votes cast more than once

- (i) When any shareholder exercises voting rights both by voting form and via the Internet, only the Internet vote will be deemed as valid.
- (ii) When any shareholder exercises voting rights more than once via the Internet, only the last vote will be deemed as valid. Similarly, when any shareholder exercises voting rights more than once via PC and via mobile phone, only the last vote will be deemed as valid.

Convocation notices by email

You may request to receive convocation notices for future General Meetings of Shareholders by email. If you are interested in applying for this service, please follow the procedure on the voting website. (Please note that registration cannot be completed via mobile phone and that mobile phone email addresses are not accepted.)

Electronic proxy voting platform for institutional investors

Institutional investors can use the electronic proxy voting platform that is operated by Investor Communications Japan, Inc., which is designed for institutional investors to exercise their voting rights electronically.

For inquiries concerning the online voting system:

[Helpdesk]

Shareholder registry administrator: Transfer Agent Department, Mitsubishi UFJ Trust and Banking Corporation

Direct line: 0120-173-027 (Domestic [Japan] call only)
(Weekdays 9:00- 21:00)

*** Please note that the above contact number is not for inquiries concerning shares.**

Business Report

(From April 1,2010 To March 31,2011)

I Group's Current Condition

1. Business Development and Results

During the fiscal year ended March 31, 2011, the Japanese economy witnessed the growing concern for the economic recovery losing its momentum, given the rapidly rising yen and still stagnant personal consumption, although there were signs of turnaround in some areas of the economy, including recovery trends in corporate earnings. Unpredictability still prevails as a result of the severe damage caused by the Great East Japan Earthquake that took place on March 11, 2011, along with the shortage in electricity supply mainly due to the suspended operation of Fukushima Daiichi Nuclear Power Plant.

In this climate, although the pachislot and pachinko industry witnessed the replacement of older pachinko machines at a rather weak pace, the pachislot market is on a recovery trend thanks to the positive factors including the launch of a few newly launched machines that enjoyed high market reputation, the recovery of pachislot's popularity in pachinko parlors, and an increase in the number of pachislot machines installed in pachinko parlors.

In the amusement machine and amusement center industry in which the conditions still remain challenging, there is a hint of recovery in the market mainly in the area of prize category such as the UFO Catcher. Meanwhile, the development and supply of innovative game machines that will further invigorate the market is expected, while a changeover to new business models is under way, which simultaneously enhance investment efficiency for amusement center operators and secure sources of stable earnings for amusement machine manufacturers.

In the home video game software industry, the demand was generally weak in the U.S. and European markets due to the headwind like sluggish personal consumption. The Group needs to adapt to changing business environment in which the market demand for new content geared to social networking service (SNS) and smartphone is expanding.

In this business environment, net sales for the fiscal year ended March 31, 2011 amounted to ¥396,732 million, an increase of 3.1% from the previous fiscal year. The Group posted an operating income of ¥68,750 million, an increase of 87.3% from the previous fiscal year and ordinary income of ¥68,123 million, an increase of 89.6%. While recording extraordinary income of ¥3,705 million due to distribution of patent royalty income for prior periods and gain on reversal of subscription rights to shares, the Company posted extraordinary loss of ¥14,361 million due to cost of product compensation related, impairment loss and loss on liquidation of subsidiaries. As a result, the Group recorded a net income of ¥41,510 million, an increase of 104.8% from the previous fiscal year.

The Group is scheduled to adopt the consolidated tax return system from the next fiscal year, whereby realizability of deferred tax assets has been reviewed, and tax expenses have been reduced by ¥12,154 million compared with previous years.

The Company conducted an exchange of shares effective December 1, 2010, in order to convert Sammy NetWorks Co., Ltd., SEGA TOYS CO., LTD., and TMS ENTERTAINMENT, LTD. into wholly owned subsidiaries of SEGA SAMMY HOLDINGS INC., which will become the wholly owning parent of each such company.

Furthermore, following the resolution at the meeting of Board of Directors for the retirement and acquisition of treasury stock, the Company retired 17,000,000 shares (6.0% of the total number of shares outstanding prior to the retirement) on December 10, 2010, before it acquired 14,000,000 shares of treasury stock (at an acquisition cost of ¥24,287 million) by March 15, 2011.

Results by business segments were as follows.

《Pachislot and Pachinko Machines》

In the pachinko machine business, the Group launched this year's major title "Pachinko CR Hokuto No Ken" series under the Sammy brand, which received a favorable evaluation in the market and recorded sales in excess of 200 thousand units. Sales of other titles also remained solid. Furthermore, the "Dejiten Series", which features innovative game elements to come up to the diversifying customer needs, was introduced as a new approach. As a result, overall pachinko machine sales amounted to 343 thousand units.

In the pachislot machine business, sales of "Pachislot SOUTEN-NO-KEN" under the Sammy brand and "Pachislot Shin Onimusha" launched in the previous fiscal year under the RODEO brand remained solid. As a result, overall pachislot machine sales amounted to 302 thousand units, exceeding the results of the previous fiscal year significantly. Meanwhile, thanks to an initiative to promote reuse of components, especially those related to liquid crystal display, there was an improvement in profit ratio as well.

As a result, net sales in this segment were ¥212,293 million (an increase of 32.1% from the previous fiscal year) and operating income was ¥64,284 million (an increase of 117.9% from the previous fiscal year).

Main Pachinko Machines and Units Sold

Model name	Brand	Units sold (Thousands)
Pachinko CR Hokuto No Ken Raoh Series	(Sammy)	123
Pachinko CR Hokuto No Ken Kenshiro	(Sammy)	78
Pachinko CR Juoh	(Sammy)	33
Pachinko CR GATCHAMAN UNMEI-NO-KIZUNA Series	(Sammy)	21
CR SAMURAI CHAMPLOO 2 Series	(Taiyo Elec)	17

Main Pachislot Machines and Units Sold

Model name	Brand	Units sold (Thousands)
Pachislot SOUTEN-NO-KEN	(Sammy)	92
Pachislot Shin Onimusha	(Rodeo)	62
Oreno Sora~Spirit of Young Justice~	(Rodeo)	38
Ring ni Kakero -Golden Japan Jr. Series-	(Taiyo Elec)	36
Pachislot SPIDER-MAN 3	(Sammy)	22

《Amusement Machine Sales》

In the amusement machine sales business, distribution revenue remained solid thanks to the operation of the revenue sharing models such as "BORDER BREAK" launched in the previous fiscal year, and "HATSUNE MIKU Project DIVA Arcade" launched in the current fiscal year, for the purpose of improving investment efficiency of the operators of amusement centers and of securing long-term stable earnings for the Group. Meanwhile, the Group committed to selling the major title "SENGOKU TAISEN", CVT KITS including "WORLD CLUB Champion Football Intercontinental Clubs 2009-2010" and consumables including cards and prize products.

In the overseas amusement machine sales business, the Group started to develop amusement machine sales business in China, with the acquisition of license to manufacture and sell amusement machines in the Chinese market by Sega Jinwin (Shanghai) Amusements Co., Ltd., a joint venture established between SEGA CORPORATION and Shanghai JinWin Investment Co., Ltd.

As a result, net sales in this segment were ¥50,319 million (an increase of 5.0% from the previous fiscal year) and operating income was ¥7,317 million (an increase of 3.1% from the previous fiscal year).

《Amusement Center Operations》

In the amusement center operations business, sales at existing SEGA amusement centers in Japan remained solid up to the third quarter of the current fiscal year, exceeding the level of performance during the same period in the previous fiscal year, thanks to the initiative to reinforce management capabilities at amusement centers. However, sales at existing SEGA amusement centers in Japan achieved 99.3% compared with the previous fiscal year, because of the suspension of business and reduction in opening hours at some of the amusement centers, implemented under constraint of the aftermaths of the Great East Japan Earthquake, and the rolling blackouts resulting therefrom. The Group closed 17 amusement centers and opened 6 new amusement centers. Consequently, the Group operated a total of 249 amusement centers at the end of the current fiscal year.

As a result, net sales in this segment were ¥45,721 million (a decrease of 16.6% from the previous fiscal year) and operating income was ¥342 million, compared with operating loss of ¥1,338 million in the previous fiscal year, registering profit for the first time in four years.

《Consumer Business》

In the consumer business, in the area of home video game software, some major titles for the overseas markets including “Sonic Colors” and “SHOGUN 2 : Total War”, along with the major titles for the Japanese market including “Phantasy Star Portable 2 Infinity” were launched. Although the launch of some of the major titles was delayed into the next fiscal year due to the impact by the Great East Japan Earthquake, domestic sales generally remained solid. In the overseas markets, sales of the new titles remained slow as affected by the adverse market condition. As a result, the Group sold 7,830 thousand video game copies in the U.S., 8,230 thousand copies in Europe and 2,630 thousand copies in Japan and other regions, for a total of 18,710 thousand copies, falling below the performance level of the previous fiscal year.

In the toy sales division, along with the solid sales of “Bakugan” by “Bakugan Limited Liability Partnership (Bakugan LLP)” which was formed mainly by the five Group companies and “Anpanman Series”, etc., full-scale sales of “Zoobles” was started as a new development. In the mobile phone, smartphone and PC content business, the pay-per-use service of “Sammy 777 town” (for mobile phone users) continued to remain solid, while supply of the titles targeted at the new platform went into full swing. In the animated films business, distribution revenue remained favorable thanks to the sound box office sales of the 14th theater film “Detective Conan” while domestic and overseas royalty revenue from “Bakugan” stayed robust.

As a result, net sales in this segment were ¥89,550 million (a decrease of 26.5% from the previous fiscal year), and an operating income was ¥1,969 million (a decrease of 68.9% from the previous fiscal year).

2. Issues to be Addressed

In the pachislot and pachinko machine business, the Group will strive to adapt to the changes in business environment, through efforts including the development and supply of the products with innovative gameplay that meet market needs, reflecting changes in user preference.

In the amusement machine business, the business challenges of the Group includes seeking a broad range of users by providing various products from high value added products to family-use products to meet user needs while enhancing investment efficiency for operators and securing long-term and stable earnings for the Group as an amusement machine manufacturer. In overseas markets, the Group must provide the products that satisfy local needs at competitive price.

In the amusement center operations business, it will be the Group’s business challenge to recover the profits by strengthening management capabilities and competitiveness at its amusement centers, as well as by attracting new customers.

In the consumer business, the Group must enhance profitability through streamlining the development by such measures as narrowing down the titles in the home video game software business. The Group must also adapt to new functions of game consoles as well as to rapidly expanding market for new content, including that for SNS and smartphone. In the toy sales, the mobile phone and PC content business and the animated films business, the Group’s business challenge will be to further reinforce its operational strength by implementing measures such as the conversion of the formerly listed subsidiaries into wholly-owned subsidiaries.

It will be the Group’s business challenge to flexibly address the wide-reaching impacts of the Great East

Japan Earthquake that may require response measures to the shortage in electricity supply which is feared to prolong, generate concern for procurement of materials and components, as well as adversely affect the capital expenditures and personal consumption.

3. Fund Procurement, etc.

(1) Fund Procurement

The Company concluded commitment line contract aimed at securing medium- and long-term capital liquidity and otherwise providing a Group wide safety net. The company formed a syndicate arrangement with seven financial institutions covering ¥42,000 million.

There is no material fund procurement for the fiscal year under review.

For effective use of the Group funds, the Group has introduced the Cash Management System (“CMS”) involving three Group companies including the Company, Sammy Corporation and SEGA CORPORATION. The CMS group is scheduled to be extended to include six in April 2011, by adding the three companies that became the Company’s wholly-owned subsidiaries in December 2010, namely Sammy NetWorks Co., Ltd., SEGA TOYS CO., LTD. and TMS ENTERTAINMENT, LTD.

(2) Capital Expenditures

The Group’s capital expenditures totaled ¥19,686 million, including ¥5,725 million for increasing mold tools, acquiring land for factory use and other investments in the pachinko pachislot business. In addition, there were ¥7,701 million in capital expenditures related to amusement centers operated by SEGA CORPORATION and other companies.

(3) Business Transfers, Absorption-type Demergers, and Incorporation-type Demergers

There is no applicable material information for the fiscal year under review.

(4) Business Transfer from Other Companies

There is no applicable material information for the fiscal year under review.

(5) Succession of Rights and Obligations Related to Businesses of Other Corporations, etc., through Absorption-type Mergers or Demergers

There is no applicable material information for the fiscal year under review.

(6) Acquisition or Disposition of Stocks and Other Interests or Share Subscription Rights, etc., of Other Companies

The Company conducted an exchange of shares effective December 1, 2010, in order to convert Sammy NetWorks Co., Ltd., SEGA TOYS CO., LTD., and TMS ENTERTAINMENT, LTD. into wholly owned subsidiaries of SEGA SAMMY HOLDINGS INC., which will become the wholly owning parent of each such company.

4. Assets and Profits and Losses for the Previous Three Fiscal Years

Item \ Fiscal Year		FY2008	FY2009	FY2010	FY2011
		From April 1, 2007 To March 31, 2008	From April 1, 2008 To March 31, 2009	From April 1, 2009 To March 31, 2010	From April 1, 2010 To March 31, 2011
Net sales	(¥ million)	458,977	429,194	384,679	396,732
Ordinary income (loss)	(¥ million)	(8,224)	6,636	35,925	68,123
Net income (loss)	(¥ million)	(52,470)	(22,882)	20,269	41,510
Net income (loss) per share	(¥)	(208.26)	(90.83)	80.46	163.19
Total assets	(¥ million)	469,642	423,938	423,161	458,624
Net assets	(¥ million)	281,627	242,532	256,770	285,461

- Notes: 1. Figures shown in millions of yen have been rounded down to the nearest million.
 2. Net income (loss) per share is calculated based on the average number of shares outstanding during the period.
 3. Details for fiscal FY2011 are discussed in “1. Business Development and Results”

5. Major Business Segments

The business segments of the SEGA SAMMY Group are pachislot and pachinko machines, amusement machine sales, amusement center operations, consumer business and other businesses. The primary business activities are as follows.

Segment	Main Business
Pachinko and Pachislot machines	Development, manufacture and sale of Pachinko and Pachislot machines Design for parlors
Amusement machine sales	Development, manufacture and sale of game machines used in amusement arcades
Amusement center operations	Development, operation, rent and maintenance of amusement center
Consumer business	Development and sale of home video game software Development, manufacture, and sale of toys Planning and production of entertainment contents through cellular phone, etc. Planning, production and sale of animated movies
Other	Information provider services, etc.

6. Major Business Locations of the Group

(1) The company: SEGA SAMMY HOLDINGS INC.
Head Office (Minato-ku, Tokyo)

(2) Office of the main subsidiaries

① Sammy Corporation

Head Office (Toshima-ku, Tokyo)

Kawagoe Factory (Kawagoe, Saitama)

Branches and Sales Offices (8 Branches, 29 Sales Offices)

② SEGA CORPORATION

Head Office (Ohta-ku, Tokyo)

Amusement Center Operating Locations: (206 locations)

(3) Employees of the Group

Number of employees (change from end of previous year) 6,000 (236 down)

Note: The number of employees includes full-time staff and staff on loan, but not temporary employees.

7. Material Parent Company and Subsidiaries

(1) Relationships with parent company
There is no pertinent matter.

(2) Relationships with subsidiaries

Company	Capital	Percentage ratio of issued shares	Main business
Sammy Corporation	¥18,221 million	100.0%	Development/manufacture/sales of pachislot and pachinko machines
SEGA CORPORATION	¥60,000 million	100.0%	Development/manufacture/sales of game machines used in amusement arcades Development/operations of amusement centers Development/sales of home videogame software
RODEO Co., Ltd.	¥100 million	65.0% (Note)	Development/manufacture/sales of pachislot machines

Company	Capital	Percentage ratio of issued shares	Main business
Sammy Design Co., Ltd.	¥40 million	100.0% (Note)	Planning/design/construction of pachinko parlors
TAIYO ELEC Co., Ltd.	¥5,125 million	51.2% (Note)	Development/manufacture/sales of pachislot and pachinko machines
Sega Logistics Service Co., Ltd.	¥200 million	100.0% (Note)	Maintenance service, transportation, and warehouse business
SEGA BeeLINK Co., Ltd.	¥100 million	100.0% (Note)	Operation of darts bars
DARTSLIVE Co., Ltd.	¥10 million	100.0% (Note)	Planning/development/sales of game equipment and game software
Sega Amusements U.S.A., Inc.	US\$3,900 thousand	100.0% (Note)	Import/manufacture/sales of amusement equipment
Sega Amusements Europe Ltd.	£ 26,485 thousand	100.0% (Note)	Import/manufacture/sales of amusement equipment
Sega GameWorks U.S.A., Inc.	US\$0 thousand	100.0% (Note)	Operations of amusement centers
Sega of America, Inc.	US\$110,000 thousand	100.0% (Note)	Development/management/sales of home video game software
Sega Publishing America, Inc.	US\$41,900 thousand	100.0% (Note)	Sales of home video game software
Sega Europe Ltd.	£ 10,000 thousand	100.0% (Note)	Sales of home video game software
Sega Publishing Europe Ltd.	£ 0 thousand	100.0% (Note)	Sales of home video game software
Sammy NetWorks Co., Ltd.	¥2,330 million	100.0%	Planning/production of game and music contents through mobile phones and Internet, etc.
SEGA TOYS CO., LTD.	¥1,804 million	100.0%	Development/manufacture/sales of toys
TMS ENTERTAINMENT, LTD.	¥8,816 million	100.0%	Planning/production/sales and other activities involving animated movies
MARZA ANIMATION PLANET INC.	¥100 million	100.0%	Production of computer graphics animations, planning/production of animated movies, licensing business, investment advisory business and operation/management of investment business partnership (funds), etc.
Japan Multimedia Services Corporation	¥835 million	80.2% (Note)	Information providing service, call center service and temporary staffing service

Note: Percentage of ratio of issued shares includes rights of indirectly owned shares.

8. Main Banks and Borrowings

Lenders	Balance of loans payable
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥3,200 million
Sumitomo Mitsui Banking Corporation	¥2,400 million
The Hokuriku Bank, Ltd.	¥1,814 million
Others	¥759 million
Total	¥8,173 million

9. Where the Articles of Incorporation Provide for the Board of Directors to Determine Distributions, etc., of Retained Earnings, Policy Regarding Exercise of Such Authority

SEGA SAMMY HOLDINGS gives priority to returning profits to shareholders. The Company's basic policy is to pay an appropriate dividend that is commensurate with earnings.

For the distribution of surplus, the Company paid second quarter and plans to pay year-end dividends of

¥20 per share, respectively. This reflects the Group's policy of paying dividends to shareholders stably. Furthermore, the Company's policy is to effectively use retained earnings to bolster its financial position and operating base as well as for investments in line with business expansion.

10. Other Significant Events of the Group

The Company, Sammy Corporation which is a wholly owned subsidiary of the Company and TAIYO ELEC Co., Ltd. which is a subsidiary of Sammy Corporation resolved at the Board of Directors Meetings of each company held on May 13, 2011 to conduct an exchange of shares with the common stock of the Company in order to convert TAIYO ELEC Co., Ltd. into a wholly owned subsidiary of Sammy Corporation, which will become the wholly owning parent company of such company.

II Shares Outstanding and Shareholders

1. Number of shares authorized for issue **800,000,000 shares**
2. Total shares issued and outstanding **266,229,476 shares**
3. Number of shareholders **94,703**
4. Principal shareholders (Top 10)

Name of shareholder	Investment in SEGA SAMMY HOLDINGS	
	Shares held	Shareholding ratio (%)
Hajime Satomi	43,569,338	17.30
Mellon Bank N.A. Treaty Client Omnibus	18,128,563	7.20
FSC Co., Ltd.	14,172,840	5.63
Japan Trustee Services Bank, Ltd. (Trustee)	10,454,100	4.15
The Master Trust Bank of Japan, Ltd. (Trustee)	7,998,300	3.17
State Street Bank – West Pension Fund Clients – Exempt	4,448,554	1.76
Japan Trustee Services Bank, Ltd. (Trustee 9)	3,283,800	1.30
Morgan Stanley and Company Inc.	2,945,886	1.17
Mellon Bank N.A. as agent for its client Mellon Omnibus US Pension	2,938,041	1.16
State Street Bank and Trust Company 505225	2,785,821	1.10

Note: Shareholding ratio was calculated excluding treasury stock (14,504,662 shares)

III Company's Share Subscription Rights

1. Outline of Share Subscription Rights Issued to the Company's Directors and Corporate Auditors as Remuneration for Their Services as of the End of the Fiscal Year Under Review

Resolutions of the Ordinary General Meeting of Shareholders	June 30, 2010
Number of individuals with rights Company directors	4
Number of share subscription rights (Note 1)	1,720
Class of shares for share subscription rights	Common stock
Number of shares for share subscription rights	172,000
Payment on exercise of share subscription rights	There is no need of delivering payment to exchange with the share subscription rights.
Capital contribution upon exercise of share subscription rights (per share)	¥1,312
Period for exercise of share subscription rights	August 1, 2012 – July 31, 2014
Terms and conditions for exercise of share subscription rights	(Note 2)
Matters concerning the transfer of share subscription rights	When transferring share subscription rights, approval must be obtained from the Board of Directors

Notes: 1. Number of shares of share subscription rights is 100 per the right.

2. Terms and conditions for exercise of share subscription rights are as follows:

The grantee shall be Director, Corporate Auditor, Executive Officer, Consultant, Counsel, or employee of the Company or any of its subsidiaries when he or she exercises the rights. However, the following cases are treated as exceptions.

- a. Where the loss of such position is due to expiration of the term of office or amendment of law or Articles of Incorporation of the Company or any of its subsidiaries;
- b. Where the loss of such position is due to company regulations, including mandatory retirement or termination on account of business contraction;
- c. Where, immediately after the loss of such position due to the reasons held by the Company, the grantee becomes Director, Corporate Auditor, Executive Officer, Consultant, Counsel, or employee of the Company, any of its Group companies, any of its business partners or any other company sanctioned by the Company.

2. Outline of Share subscription rights Issued to Company Employees or Subsidiary Directors, Corporate Auditors, or Employees as Remuneration for Their Services During the Fiscal Year Under Review

Resolutions of the Ordinary General Meeting of Shareholders		June 30, 2010	
Number of share subscription rights (Note 1)		34,178	
Class of shares for share subscription rights		Common stock	
Number of shares for share subscription rights		3,417,800	
Payment on exercise of share subscription rights		There is no need of delivering payment to exchange with the share subscription rights.	
Capital contribution upon exercise of share subscription rights (per share)		¥1,312	
Period for exercise of share subscription rights		August 1, 2012 – July 31, 2014	
Terms and conditions for exercise of share subscription rights		(Note 2)	
Issuance to employees, etc.	Company employees	Number of share subscription rights	575
		Number of shares for share subscription rights	57,500
		Number of recipient	14
	Subsidiary Directors, Corporate Auditors or employees	Number of share subscription rights	33,603
		Number of shares for share subscription rights	3,360,300
		Number of recipient	1,861

Notes: 1. Number of shares of share subscription rights is 100 per the right.

2. Terms and conditions for exercise of share subscription rights are as follows:

The grantee shall be Director, Corporate Auditor, Executive Officer, Consultant, Counsel, or employee of the Company or any of its subsidiaries when he or she exercises the rights. However, the following cases are treated as exceptions.

- a. Where the loss of such position is due to expiration of the term of office or amendment of law or Articles of Incorporation of the Company or any of its subsidiaries;
- b. Where the loss of such position is due to company regulations, including mandatory retirement or termination on account of business contraction;
- c. Where, immediately after the loss of such position due to the reasons held by the Company, the grantee becomes Director, Corporate Auditor, Executive Officer, Consultant, Counsel, or employee of the Company, any of its Group companies, any of its business partners or any other company sanctioned by the Company.

Resolutions of the Ordinary General Meeting of Shareholders		December 24, 2010	
Number of share subscription rights (Note 1)		4,640	
Class of shares for share subscription rights		Common stock	
Number of shares for share subscription rights		464,000	
Payment on exercise of share subscription rights		There is no need of delivering payment to exchange with the share subscription rights.	
Capital contribution upon exercise of share subscription rights (per share)		¥1,753	
Period for exercise of share subscription rights		February 2, 2013 – February 1, 2015	
Terms and conditions for exercise of share subscription rights		(Note 2)	
Issuance to employees, etc.	Subsidiary Directors, Corporate Auditors or employees	Number of share subscription rights	4,640
		Number of shares for share subscription rights	464,000
		Number of recipient	169

Notes: 1. Number of shares of share subscription rights is 100 per the right.

2. Terms and conditions for exercise of share subscription rights are as follows:

The grantee shall be Director, Corporate Auditor, Executive Officer, Consultant, Counsel, or employee of the Company or any of its subsidiaries when he or she exercises the rights. However, the following cases are treated as exceptions.

- a. Where the loss of such position is due to expiration of the term of office or amendment of law or Articles of Incorporation of the Company or any of its subsidiaries;
- b. Where the loss of such position is due to company regulations, including mandatory retirement or termination on account of business contraction;
- c. Where, immediately after the loss of such position due to the reasons held by the Company, the grantee becomes Director, Corporate Auditor, Executive Officer, Consultant, Counsel, or employee of the Company, any of its Group companies, any of its business partners or any other company sanctioned by the Company.

IV Company Directors and Corporate Auditors

1. Directors and Corporate Auditors

Title	Name	Main Responsibilities
Chairman of the Board and Chief Executive Officer	Hajime Satomi	Chairman and CEO, Sammy Corporation Chairman and CEO, SEGA CORPORATION
Executive Vice President and Representative Director Executive for Group Communications Office, Corporate Strategy and External Affairs, Administrations Division, Group CSR Promotion Office	Keishi Nakayama	President and COO, Sammy Corporation
Director	Okitane Usui	President and COO, SEGA CORPORATION
Director	Hisao Oguchi	Senior Managing Director, Sammy Corporation
Director	Yuji Iwanaga	Attorney
Director	Takeshi Natsuno	
Standing Corporate Auditor	Tomio Kazashi	
Corporate Auditor	Toshio Hirakawa	Standing Corporate Auditor, Sammy Corporation
Corporate Auditor	Hisashi Miyazaki	Standing Corporate Auditor, SEGA CORPORATION
Corporate Auditor	Mineo Enomoto	Corporate Auditor, SEGA CORPORATION, Attorney

Notes: 1. Yuji Iwanaga and Takeshi Natsuno are outside director as stipulated in Article 2, Clause 15 of the Company Law.

2. Tomio Kazashi, Toshio Hirakawa and Mineo Enomoto are outside corporate auditor as stipulated in Article 2, Clause 16 of the Company Law.

3. The Company has submitted an Independent Directors/Corporate Auditors Notification Form to register Standing Corporate Auditor Tomio Kazashi as Independent Director at Tokyo Stock Exchange, Inc.

4. The Company has adopted the executive officer system to speed up decision-making, strengthen oversight of business execution, and reinforce business execution functions. The Company has five executive officers: Hideo Yoshizawa, Division Manager of the Administrative Division; Koichi Fukazawa, Takatoshi Akiba and Kenichirou Hori, the Corporate Strategy and External Affairs; Tetsushi Ikeda, Division Manager of the Group Internal Control Office, Group CSR Promotion Office and Internal Audit Office.

2. Total Remuneration, etc., to Directors and Corporate Auditors

Title	Number of individuals	Remuneration, etc.
Director	6	¥571 million
Corporate Auditor	2	¥24 million
Total	8	¥596 million

Notes: 1. Remuneration, etc., includes bonuses to directors/corporate auditors in the amount of ¥153 million (¥150 million for directors, ¥3 million for corporate auditors) and stock options to directors in the amount of ¥18 million (¥18 million for directors).

2. The remuneration limit for directors is ¥600 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders on June 20, 2006.

3. The remuneration limit for corporate auditors is ¥50 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders of Sammy Corporation on June 25, 2004, and at the Ordinary General Meeting of Shareholders of SEGA CORPORATION on June 29, 2004.

3. Main Activities of Outside Directors and Corporate Auditors

Title	Name	Major Activities
Outside Director	Yuji Iwanaga	He attended 13 Board of Directors meetings out of the 13 meetings held during the year (12 out of 12 regular meetings) and expressed his opinion on professional and managerial view points as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
Outside Director	Takeshi Natsuno	He attended 13 Board of Directors meetings out of the 13 meetings held during the year (12 out of 12 regular meetings) and expressed his opinion on managerial view points. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
Outside Corporate Auditor	Tomio Kazashi	He attended 13 Board of Directors meetings out of the 13 meetings held during the year (12 out of 12 regular meetings) and expressed his opinion on managerial view points. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 14 Corporate Auditors meetings out of the 14 meetings held during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
Outside Corporate Auditor	Toshio Hirakawa	He attended 13 Board of Directors meetings out of the 13 meetings held during the year (12 out of 12 regular meetings) and expressed his opinion on managerial view points. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 14 Corporate Auditors meetings out of the 14 meetings held during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
Outside Corporate Auditor	Mineo Enomoto	He attended 12 Board of Directors meetings out of the 13 meetings held during the year (11 out of 12 regular meetings) and expressed his opinion on professional and managerial view points as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 11 Corporate Auditors meetings out of the 14 meetings held during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.

4. Liability Limitation Agreements for Outside Directors and Corporate Auditors

At the Second Ordinary General Meeting of Shareholders on June 20, 2006, the Company amended its Articles of Incorporation and established regulations regarding liability limitation agreements for Outside Corporate Auditors.

An outline of the contents of the liability limitation agreement that the Company has entered into with Outside Corporate Auditor Mineo Enomoto is as follows:

(Outline of Liability Limitation Agreement)

The liability to compensate for damages under Article 423, Section 1 of the Company Law will be limited to the minimum liability set forth by law in the absence of malicious intent or material negligence.

5. Total Remuneration, etc., to Outside Directors and Corporate Auditors

	Number of individuals	Remuneration, etc.	Remuneration, etc., from subsidiary
Total remuneration, etc., to outside Directors and Corporate Auditors	5	¥75 million	¥19 million

- Notes: 1. The remuneration, etc. includes director's bonuses in the amount of ¥3 million (¥3 million for corporate auditor), that is planned to be paid from the Company.
2. The remuneration, etc. includes director's bonuses in the amount of ¥5 million (¥5 million for corporate auditor), that is planned to be paid from subsidiary.

V Independent Auditors

1. Name

KPMG AZSA LLC

2. Liability Limitation Agreement with Independent Auditors

At the Second Ordinary General Meeting of Shareholders on June 20, 2006, the Company amended its articles of incorporation and established regulations regarding liability limitation agreements with independent auditors.

An outline of the content of the liability limitation agreement that the Company has entered into with KPMG AZSA LLC, the Company's independent auditor, is as follows:

(Outline of Content of Liability Limitation Agreement)

The liability to compensate for damages under Article 423, Section 1 of the Company Law will be limited to the minimum liability set forth in law, in the absence of malicious intent or material negligence.

3. Remuneration, etc.

	Remuneration, etc
Remuneration, etc., related to the fiscal year under review	¥112 million
Total of cash and other profits that should be paid to independent auditors by the Company and its subsidiaries	¥322 million

Notes: 1. The Company's subsidiaries, Japan Multimedia Services Corporation and Sega Europe Ltd., etc. are audited by auditors that differ from the Company's.

2. The company entrusted financial due diligence to the independent auditors, in addition to the services in the Article 2, Section 1 of the Certified Public Accountants Act.

4. Policy Regarding Determination of Termination or Not Reappointing

The Company entrusts the Board of Corporate Auditors with the responsibility for deciding on the dismissal or non-reappointment of the independent auditor, and if any clause within Article 340, Section 1 of the Company Law is deemed to apply, the independent auditor will be dismissed in accordance with the Company's policy. The Board of Corporate Auditors also determines the reappointment or non-reappointment of the independent auditor upon consideration of the current status related to their performance, etc.

Consolidated Balance Sheet

(As of March 31, 2011)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	315,580	Current liabilities	109,028
Cash and deposits	149,006	Notes and accounts payable-trade	37,513
Notes and accounts receivable-trade	56,468	Short-term loans payable	2,857
Short-term investment securities	42,412	Current portion of bonds	11,892
Merchandise and finished goods	5,889	Income taxes payable	26,310
Work in process	14,916	Accrued expenses	17,546
Raw materials and supplies	15,567	Provision for bonuses	2,373
Income taxes receivable	5,861	Provision for directors' bonuses	956
Deferred tax assets	13,795	Provision for point card certificates	143
Other	12,136	Asset retirement obligations	185
Allowance for doubtful accounts	(472)	Deferred tax liabilities	0
Noncurrent assets	143,044	Other	9,247
Property, plant and equipment	57,140	Noncurrent liabilities	64,135
Buildings and structures, net	20,120	Bonds payable	29,608
Amusement machines and facilities, net	4,550	Long-term loans payable	5,316
Land	24,643	Provision for retirement benefits	12,656
Construction in progress	1,155	Provision for directors' retirement benefits	1,203
Other, net	6,670	Deferred tax liabilities	2,782
Intangible assets	22,754	Deferred tax liabilities for land revaluation	958
Goodwill	15,559	Asset retirement obligations	1,848
Other	7,195	Other	9,760
Investments and other assets	63,149	Total liabilities	173,163
Investment securities	44,193	Net assets	
Long-term loans receivable	306	Shareholders' equity	289,077
Lease and guarantee deposits	12,396	Capital stock	29,953
Deferred tax assets	1,988	Capital surplus	119,784
Other	5,646	Retained earnings	164,669
Allowance for doubtful accounts	(1,382)	Treasury stock	(25,329)
		Accumulated other comprehensive income	(13,883)
		Valuation difference on available-for-sale securities	11,350
		Deferred gains or losses on hedges	(0)
		Revaluation reserve for land	(5,969)
		Foreign currency translation adjustment	(19,264)
		Subscription rights to shares	406
		Minority interests	9,861
		Total net assets	285,461
Total assets	458,624	Total liabilities and net assets	458,624

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Consolidated Statement of Income

(From April 1, 2010 To March 31, 2011)

(Unit: millions of yen)

Item	Amount	
Net sales		396,732
Cost of sales		230,677
Gross profit		166,055
Selling, general and administrative expenses		97,304
Operating income		68,750
Non-operating income		
Interest income	463	
Dividends income	311	
Equity in earnings of affiliates	35	
Gain on investments in partnership	391	
Income from operation of lease asset	92	
Other	516	1,812
Non-operating expenses		
Interest expenses	637	
Sales discounts	198	
Commission fee	399	
Provision of allowance for doubtful accounts	32	
Loss on investments in partnership	97	
Foreign exchange losses	206	
Penalty payment for cancellation of game center lease	18	
Loss on valuation of derivatives	263	
Other	585	2,439
Ordinary income		68,123

(Unit: millions of yen)

Item	Amount	
Extraordinary income		
Gain on sales of noncurrent assets	34	
Reversal of allowance for doubtful accounts	315	
Gain on sales of investment securities	52	
Gain on change in equity	125	
Reversal of recovery costs of video game arcades	544	
Gain on outlawed debt	167	
Gain on reversal of subscription rights to shares	1,174	
Distribution of patent royalty income for prior periods	1,139	
Other	151	3,705
Extraordinary loss		
Loss on retirement of noncurrent assets	296	
Loss on sales of noncurrent assets	40	
Impairment loss	1,502	
Loss on valuation of investment securities	1,308	
Loss on liquidation of subsidiaries	1,468	
Amortization of goodwill	204	
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,177	
Cost of product compensation related	5,225	
Loss on disaster	1,254	
Other	1,883	14,361
Income before income taxes and minority interests		57,467
Income taxes-current	27,460	
Income taxes-deferred	(14,140)	13,320
Income before minority interests		44,147
Minority interests in income		2,636
Net income		41,510

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Consolidated Statement of Changes in Net Assets

(From April 1, 2010 To March 31, 2011)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of March 31, 2010	29,953	171,080	132,128	(73,694)	259,468
Changes of items during the period					
Dividends from surplus			(8,816)		(8,816)
Net income			41,510		41,510
Increase by share exchanges		(11,294)		32,890	21,595
Retirement of treasury stock		(40,000)		40,000	—
Purchase of treasury stock				(24,530)	(24,530)
Disposal of treasury stock		(1)		3	2
Change of scope of consolidation			(155)		(155)
Reversal of revaluation reserve for land			2		2
Total changes of items during the period	—	(51,296)	32,541	48,364	29,609
Balances as of March 31, 2011	29,953	119,784	164,669	(25,329)	289,077

	Accumulated other comprehensive income				
	Valuation difference on available - for sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income
Balances as of March 31, 2010	346	24	(5,966)	(17,626)	(23,222)
Changes of items during the period					
Dividends from surplus					
Net income					
Increase by share exchanges					
Retirement of treasury stock					
Purchase of treasury stock					
Disposal of treasury stock					
Change of scope of consolidation					
Reversal of revaluation reserve for land			(2)		(2)
Net changes of items other than shareholders' equity	11,003	(24)		(1,637)	9,341
Total changes of items during the period	11,003	(24)	(2)	(1,637)	9,338
Balances as of March 31, 2011	11,350	(0)	(5,969)	(19,264)	(13,883)

(Unit: millions of yen)

	Subscription rights to shares	Minority interests	Total net assets
Balances as of March 31, 2010	1,188	19,335	256,770
Changes of items during the period			
Dividends from surplus			(8,816)
Net income			41,510
Increase by share exchanges			21,595
Retirement of treasury stock			—
Purchase of treasury stock			(24,530)
Disposal of treasury stock			2
Change of scope of consolidation			(155)
Reversal of revaluation reserve for land			—
Net changes of items other than shareholders' equity	(782)	(9,474)	(915)
Total changes of items during the period	(782)	(9,474)	28,690
Balances as of March 31, 2011	406	9,861	285,461

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Independent Auditors' Report

May 13, 2011

The Board of Directors
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Satoshi Nakaizumi
Designated Limited Liability Partner
Certified Public Accountant

Michitaka Shishido
Designated Limited Liability Partner
Certified Public Accountant

Hiroyuki Nakamura
Designated Limited Liability Partner
Certified Public Accountant

We have audited the consolidated statutory report, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SEGA SAMMY HOLDINGS INC. as of March 31, 2011 and for the year from April 1, 2010 to March 31, 2011 in accordance with Article 444(4) of the Corporate Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of SEGA SAMMY HOLDINGS INC. and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in "Note Regarding Material Subsequent Events," a resolution has been reached at each of the board meetings of the Company, Sammy Corporation, and TAIYO ELEC Co., Ltd., held on May 13, 2011 to conduct an exchange of shares involving common stock of the Company as consideration in order to convert TAIYO ELEC Co., Ltd. into a wholly owned subsidiary of Sammy Corporation, which will become the wholly owing parent of TAIYO ELEC Co., Ltd.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Non-Consolidated Balance Sheet

(As of March 31, 2011)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	15,723	Current liabilities	9,927
Cash and deposits	2,552	Short-term loans payable	9,300
Accounts receivable-trade	394	Accounts payable-other	21
Prepaid expenses	100	Accrued expenses	252
Income taxes receivable	5,678	Deposits received	19
Deferred tax assets	5,631	Unearned revenue	2
Other	1,365	Provision for bonuses	99
Noncurrent assets	344,652	Provision for directors' bonuses	153
Property, plant and equipment	3,668	Other	79
Buildings, net	955	Noncurrent liabilities	7,994
Structures, net	841	Provision for retirement benefits	46
Machinery and equipment, net	3	Deferred tax liabilities	7,670
Vehicles, net	34	Other	276
Tools, furniture and fixtures, net	415	Total liabilities	17,921
Land	1,418	Net assets	
Intangible assets	70	Shareholders' equity	331,145
Right of trademark	7	Capital stock	29,953
Software	60	Capital surplus	193,247
Other	2	Legal capital surplus	29,945
Investments and other assets	340,913	Other capital surplus	163,302
Investment securities	32,966	Retained earnings	133,748
Stocks of subsidiaries and affiliates	305,570	Other retained earnings	133,748
Investments in other securities of subsidiaries and affiliates	208	Retained earnings brought forward	133,748
Long-term loans receivable from subsidiaries and affiliates	1,393	Treasury stock	(25,804)
Long-term prepaid expenses	9	Valuation and translation adjustments	10,902
Other	764	Valuation difference on available-for-sale securities	10,902
		Subscription rights to shares	406
		Total net assets	342,454
Total assets	360,375	Total liabilities and net assets	360,375

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Non-Consolidated Statement of Income

(From April 1, 2010 To March 31, 2011)

(Unit: millions of yen)

Item	Amount	
Operating revenue		
Consulting fee income	4,512	
Dividends income	27,900	32,412
Operating expenses		
Operating expenses	5,370	5,370
Operating income		27,042
Non-operating income		
Interest income	36	
Interest on securities	12	
Dividends income	539	
Income from operation of lease asset	92	
Other	69	750
Non-operating expenses		
Interest expenses	43	
Commission fee	81	
Loss on investments in partnership	466	
Other	56	648
Ordinary income		27,145
Extraordinary income		
Gain on reversal of subscription rights to shares	1,065	1,065
Extraordinary loss		
Loss on retirement of noncurrent assets	0	
Loss on valuation of investment securities	261	
Loss on revaluation of investments in affiliated partnership	617	
Loss on disaster	2	881
Income before income taxes		27,328
Income taxes-current	6	
Income taxes-deferred	(6,006)	(5,999)
Net income		33,328

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2010 To March 31, 2011)

(Unit: millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balances as of March 31, 2010	29,953	29,945	257,207	287,152
Changes of items during the period				
Dividends from surplus				
Net income				
Increase by share exchanges			(30,521)	(30,521)
Retirement of treasury stock			(63,381)	(63,381)
Purchase of treasury stock				
Disposal of treasury stock			(2)	(2)
Total changes of items during the period	-	-	(93,905)	(93,905)
Balances as of March 31, 2011	29,953	29,945	163,302	193,247

	Shareholders' equity			
	Retained earnings		Treasury stock	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balances as of March 31, 2010	109,237	109,237	(116,777)	309,566
Changes of items during the period				
Dividends from surplus	(8,816)	(8,816)		(8,816)
Net income	33,328	33,328		33,328
Increase by share exchanges			52,116	21,595
Retirement of treasury stock			63,381	-
Purchase of treasury stock			(24,530)	(24,530)
Disposal of treasury stock			5	2
Total changes of items during the period	24,511	24,511	90,973	21,579
Balances as of March 31, 2011	133,748	133,748	(25,804)	331,145

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available - for - sale securities	Total valuation and translation adjustments		
Balances as of March 31, 2010	(281)	(281)	1,065	310,350
Changes of items during the period				
Dividends from surplus				(8,816)
Net income				33,328
Increase by share exchanges				21,595
Retirement of treasury stock				-
Purchase of treasury stock				(24,530)
Disposal of treasury stock				2
Net changes of items other than shareholders' equity	11,184	11,184	(659)	10,524
Total changes of items during the period	11,184	11,184	(659)	32,104
Balances as of March 31, 2011	10,902	10,902	406	342,454

Note: Figures shown in millions of yen have been rounded down to the nearest million.

Independent Auditors' Report

May 13, 2011

The Board of Directors
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Satoshi Nakaizumi
Designated Limited Liability Partner
Certified Public Accountant

Michitaka Shishido
Designated Limited Liability Partner
Certified Public Accountant

Hiroyuki Nakamura
Designated Limited Liability Partner
Certified Public Accountant

We have audited the statutory report, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and its supporting schedules of SEGA SAMMY HOLDINGS INC. as of March 31, 2011 and for the 7th business year from April 1, 2010 to March 31, 2011 in accordance with Article 436(2)(i) of the Corporate Law. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of SEGA SAMMY HOLDINGS INC. for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in "Note Regarding Material Subsequent Events," a resolution has been reached at the board meeting of the Company held on May 13, 2011 to conduct a disposal of treasury stock by third-party allotment to a subsidiary.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Audit Report

The Board of Corporate Auditors has received the reports of the audit procedures and results concerning the execution of the duties of the Directors during the 7th fiscal year from April 1, 2010 through March 31, 2011 prepared by each of the auditors. After discussing the reports, we have prepared this Audit Report and report as follows.

1. Procedures and details of the audits by the Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established the audit policy, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding the implementation of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the independent auditor regarding the execution of their duties, and sought explanations as necessary.

Each Corporate Auditor complied with the auditing standards for Corporate Auditors established by the Board of Corporate Auditors, according to the audit policy, allocation of duties, and other relevant matters, communicated with the Directors, the internal audit department, other employees, and any other relevant personnel. We also made efforts to optimize the environment for information collection and audit, and participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, and sought explanations as necessary. We examined important authorized documents and associated information, and investigated the operations and assets at the head office and principal offices.

In addition, we received the periodical reports from Directors, employees, and other relevant personnel, sought explanations as necessary, and expressed our opinions on the status of development and operation of the system for ensuring that the execution of the duties of the Directors conforms to the relevant laws and regulations and the Articles of Incorporation, as well as the details of the resolutions of the Board of Directors regarding the organization of the system stipulated in Article 100, Item 1 and Item 3 of the Enforcement Regulations of the Company Law and the status of the system (internal control system) based on said resolutions, a necessary measure for ensuring that a joint stock corporation's business is proper.

As to the internal control system associated with financial reports, we received the reports from the Directors and the independent auditor, KPMG AZSA LLC regarding the evaluation of the internal control, and the implementation of audits, and sought explanations as necessary.

With respect to subsidiaries, we communicated and exchanged information with directors, statutory auditors, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.

Based on the above methods, we examined the business report and supporting schedules related to the relevant Fiscal Year.

Furthermore, we monitored and verified whether the independent auditor maintained its independence and implemented appropriate audits, and we received reports from the independent auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the independent auditor that "systems for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Corporate Calculation Regulations) were maintained in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the financial statements (balance sheet, statement of income, statement of changes in net assets, and individual notes) and supporting schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) related to the relevant Fiscal Year.

2. Result of audit

(1) The Report of Business Operations

- 1) In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
- 2) With regard to the execution of the duties of the Directors, we have found no evidence of wrongful action or material violation of the relevant laws and regulations, nor of any violation with respect to the Articles of Incorporation.

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

- 3) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the execution of the duties of the Directors regarding the internal control system, including the one associated with financial reports.
 - (2) Audit result of the Financial Statements and supporting schedules
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.
 - (3) Audit result of the Consolidated Financial Statements and consolidated supporting schedules
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.
3. Subsequent events
- As stated in “Business Report,” the Company, Sammy Corporation which is a wholly owned subsidiary of the Company and TAIYO ELEC Co., Ltd. which is a subsidiary of Sammy Corporation resolved at the Board of Directors Meetings of each company held on May 13, 2011 to conduct an exchange of shares with the common stock of the Company in order to convert TAIYO ELEC Co., Ltd. into a wholly owned subsidiary of Sammy Corporation, which will become the wholly owning parent company of such company.

May 16, 2011
Board of Corporate Auditors,
SEGA SAMMY HOLDINGS INC.
Tomio Kazashi, Standing Corporate Auditor
(Outside Auditor)
Toshio Hirakawa, Outside Auditor
Hisashi Miyazaki, Corporate Auditor
Mineo Enomoto, Outside Auditor

Reference Documents for General Meeting of Shareholders

Proposals and reference information

Proposal 1: To amend certain parts of the Articles of Incorporation

1. Reasons for the amendments

In accordance with the conversion of Sammy NetWorks Co., Ltd., SEGA TOYS CO., LTD., and TMS ENTERTAINMENT, LTD. into wholly owned subsidiaries of the Company (collectively, the “Share Exchange Wholly Owned Subsidiaries”) in December 2010, the business purposes stipulated in the Articles of Incorporation of the Share Exchange Wholly Owned Subsidiaries shall be added to the business purposes of companies, in which the Company holds shares, stipulated in Article 2 of the Articles of Incorporation of the Company.

2. Details of the amendments

The details of the amendments in the Articles of Incorporation are as follows:

(The modified parts are indicated by underlining.)

Present Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 (Omitted)</p> <p>Article 2 (Purpose) The purpose of the Company shall be: to manage and control the business activities of the corporations that conduct the following businesses and businesses equivalent thereto and to engage in operations incidental thereto by owning shares in such corporations: (1) to (22) (Omitted) (New) (New)</p> <p><u>(23) to (34)</u> (Omitted)</p> <p><u>(35)</u> Manufacture, marketing, importing and exporting of jet skis, motor boats, and scuba diving equipment, fabric products for clothing, fur clothing, dry goods for clothing, dress accessories, accessories, leather goods, shoes, suitcases, bags, indoor ornament, furniture, arts and crafts, watches, glasses, acoustic instruments, home appliances, cosmetics, medical consumables, and medical equipment;</p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 (Not amended)</p> <p>Article 2 (Purpose) (Not amended)</p> <p>(1) to (22) (Not amended)</p> <p><u>(23) School management concerning the requests from scenario writers, voice actors, film-making engineers and others;</u></p> <p><u>(24) Planning and management of early capability development targeting preschool children;</u></p> <p><u>(25) to (36)</u> (Not amended)</p> <p><u>(37) Planning, development,</u> manufacture, marketing, importing and exporting of jet skis, motor boats, and scuba diving equipment, fabric products for clothing, fur clothing, dry goods for clothing, dress accessories, accessories, leather goods, shoes, suitcases, bags, indoor ornament, furniture, arts and crafts, watches, glasses, acoustic instruments, home appliances, cosmetics, medical consumables, and medical equipment;</p>

Present Articles of Incorporation	Proposed Amendment
<p>(36) Marketing, importing and exporting of gems, precious metals, antiques, cameras, stationery, books, magazines, musical instruments, sports gear, DIY tools, gardening tools, fertilizers, feed, soil conditioners, automobiles, automobile parts, automobile goods, bicycles, food, alcoholic beverages, soft drinks, tobaccos, daily necessities, system equipment for emergency notification for the prevention of crimes, fires and disaster damages, disposal units of industrial wastes (kitchen garbage), photovoltaic generators, food processing machines and equipment; and</p> <p>2. (Omitted)</p> <p>Article 3 to Article 54 (Omitted)</p>	<p>(38) <u>Planning, development, manufacture, marketing,</u> importing and exporting of gems, precious metals, antiques, cameras, stationery, books, magazines, musical instruments, sports gear, DIY tools, gardening tools, fertilizers, feed, soil conditioners, automobiles, automobile parts, automobile goods, bicycles, food, alcoholic beverages, soft drinks, tobaccos, daily necessities, system equipment for emergency notification for the prevention of crimes, fires and disaster damages, disposal units of industrial wastes (kitchen garbage), photovoltaic generators, food processing machines and equipment; and</p> <p>2. (Not amended)</p> <p>Article 3 to Article 54 (Not amended)</p>

Proposal 2: To elect six (6) Directors

The terms of office of all six (6) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. We are seeking the election of six (6) Directors, two (2) of which are Outside Directors.

The nominees for Directors are as described below:

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company		Number of the Company's Shares Owned	
1	Hajime Satomi (January 16, 1942)	Mar	1980	President and Representative Director of Sammy Industry Co., Ltd. (now Sammy Corporation)	43,569,338 shares
		Nov	2003	Chairman and Director of Sammy NetWorks Co., Ltd. (current position)	
		Feb	2004	Chairman and Representative Director of SEGA CORPORATION	
		May	2004	Chairman of JAMMA (Japan Amusement Machinery Manufacturers' Association) (current position)	
		Jun	2004	Chairman, Representative Director and Chief Executive Officer of Sammy Corporation (current position)	
		Jun	2004	Chairman, CEO and Representative Director of SEGA CORPORATION	
		Oct	2004	Chairman of the Board and Chief Executive Officer of the Company (current position)	
		Mar	2005	Senior Advisor to Nichiyukyo (Japan Play Equipment Industry Association) (current position)	
		May	2005	Advisor to NDK (Japan Electric Game Manufacturers' Association)	
		Jun	2005	Chairman and Director of SEGA TOYS, CO., LTD. (current position)	
		Jun	2005	Chairman and Director of TMS ENTERTAINMENT, LTD. (current position)	
		Dec	2006	Chairman of Japan Amusement Industry Association (current position)	
		May	2007	Chairman of NDK (current position)	
		Jun	2007	President, Representative Director, Chief Executive Officer and Chief Operating Officer of SEGA CORPORATION	
May	2008	Chairman, Representative Director and Chief Executive Officer of the above (current position)			
2	Keishi Nakayama (July 23, 1942)	Sep	1989	Joined Sammy Industry Co., Ltd. (now Sammy Corporation) as Division Manager of the General Affairs Division	400,100 shares
		Jun	1993	Director and General Manager of the President's Office of the above	
		Jan	2000	Managing Director and General Manager of the President's Office of the above	
		Mar	2004	Senior Managing Director in charge of the President's Office of Sammy Corporation	
		Oct	2004	Senior Managing Director of the Company	
		Apr	2005	Director of SEGA SAMMY GOLF ENTERTAINMENT INC.	
		Jun	2005	Executive Vice President and Director of the Company	
		Jul	2006	Chairman and Director of SEGA SAMMY GOLF ENTERTAINMENT INC. (current position)	
		Jun	2007	Executive Vice President and Representative Director of the Company (current position)	
		May	2008	President, Representative Director and Chief Operating Officer of Sammy Corporation (current position)	
		May	2008	Chairman and Director of WAVEMASTER, INC. (current position)	
		Mar	2011	Director of Sammy NetWorks Co., Ltd. (current position)	

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned
3	Okitane Usui (October 31, 1958)	<p>Oct 1993 Joined Sega Enterprises, Ltd. (now SEGA CORPORATION)</p> <p>Jun 1997 Director, Deputy General Manager of Consumer Business Division of the above</p> <p>Jun 1998 Executive Officer, General Manager of Consumer Business Planning Department, Consumer Business Group Division of the above</p> <p>May 1999 Retired from the above</p> <p>Jun 2007 Joined SEGA CORPORATION, Corporate Advisor</p> <p>Jun 2007 Senior Managing Director, General Manager of Amusement Business Group Division of the above</p> <p>Feb 2008 Director, General Manager of Amusement Business Group Division of the above</p> <p>May 2008 President, Representative Director and Chief Operating Officer of the above (current position)</p> <p>Jun 2008 CEO of SEGA HOLDINGS EUROPE LTD. (current position)</p> <p>Jun 2008 Chairman of SEGA HOLDINGS USA, INC. (current position)</p> <p>Jun 2008 Director of the Company (current position)</p>	2,000 shares
4	Hisao Oguchi (March 5, 1960)	<p>Apr 1984 Joined Sega Enterprises, Ltd. (now SEGA CORPORATION)</p> <p>Jun 2000 Corporate Officer of the above</p> <p>Jun 2002 Senior Corporate Officer of the above</p> <p>Jun 2003 President and Representative Director of the above</p> <p>Jun 2004 President, COO and Representative Director of the above</p> <p>Oct 2004 Vice Chairman and Director of the Company</p> <p>Aug 2005 CEO of SEGA HOLDINGS EUROPE LTD.</p> <p>May 2006 Chairman of SEGA HOLDINGS U.S.A., Inc.</p> <p>Jun 2007 Executive Vice President and Representative Director of SEGA CORPORATION</p> <p>Feb 2008 Representative Director of the above</p> <p>May 2008 Director of the above</p> <p>May 2008 Director of Sammy Corporation</p> <p>Jun 2008 CCO and Director of SEGA CORPORATION</p> <p>Jun 2008 CCO and Director of the Company (current position)</p> <p>Apr 2009 Senior Managing Director of Sammy Corporation (current position)</p> <p>Jun 2009 Director of SEGASAMMY VISUAL ENTERTAINMENT INC. (now MARZA ANIMATION PLANET INC.) (current position)</p> <p>Apr 2011 Senior Managing Director, Representative Director of Sammy Corporation (current position)</p>	22,400 shares
5	Yuji Iwanaga (April 3, 1941)	<p>Apr 1981 Registered with The Japan Federation of Bar Associations (current position)</p> <p>Apr 1981 Joined Yanagita Sakuragi Law Office</p> <p>Sep 1984 Partner of Lillick McHose and Charles Law Office (Now Pillsbury Winthrop Shaw Pittman LLP) (current position)</p> <p>Dec 1984 Registered with the State Bar of California</p> <p>Apr 2003 Outside Director of Manufacturers Bank (current position)</p> <p>Jun 2005 Outside Director of JMS North America Corporation (current position)</p> <p>Jun 2006 Outside Director of TAIYO YUDEN Co., Ltd. (current position)</p> <p>Jun 2007 Outside Director of the Company (current position)</p>	0 shares

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Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned	
6	Takeshi Natsumo (March 17, 1965)	Apr 1988	Joined Tokyo Gas Co., Ltd.	2,000 shares
		Sep 1997	Joined NTT Mobile Communications Network, Inc. (now NTT DoCoMo, Inc.)	
		Jun 2005	Senior Vice President, Managing Director, Multimedia Services Department of NTT DoCoMo, Inc.	
		May 2008	Guest Professor, Media and Governance of Keio University (current position)	
		Jun 2008	Outside Director of the Company (current position)	
		Jun 2008	Director of PIA Corporation (current position)	
		Jun 2008	Outside Director of transcosmos inc. (current position)	
		Jun 2008	Director of Liveware Inc. (current position)	
		Jun 2008	Director of NTT Resonant Inc. (current position)	
		Jun 2008	Director of SBI Holdings, Inc. (current position)	
		Dec 2008	Director of DWANGO Co., Ltd. (current position)	
		Jun 2009	Outside Director of DLE, Inc. (current position)	
		Sep 2009	Outside Director of GREE, Inc. (current position)	
		Jan 2010	Outside Director of bitWallet, Inc. (current position)	
		Dec 2010	Director of U-NEXT (current position)	
Apr 2011	Outside Director of CUUSO SYSTEM Co., Ltd. (current position)			

- Notes: 1. Business arrangements including a lease agreement exist between Hajime Satomi and the Company.
2. There are no special interests between the Company and the other Director-nominees.
3. Yuji Iwanaga and Takeshi Natsumo are Outside Director-nominees.
4. We seek appointment of Mr. Iwanaga as an Outside Director, as he has performed at a high level in international corporate law and international corporate legal affairs in a global corporation from the viewpoint of an expert international lawyer. Furthermore, Mr. Iwanaga has business management experience gained in senior corporate management prior to his registration as an attorney. Thus, given Mr. Iwanaga's deep insight into management, he has been judged to be capable of properly performing the duties of an Outside Director.
5. We seek appointment of Mr. Natsumo as an Outside Director so that the management of the Company may benefit from his extensive managerial experience and broad insight into management.
6. Mr. Iwanaga and Mr. Natsumo shall have served as Outside Directors of the Company for four years and three years, respectively, at the conclusion of this Ordinary General Meeting of Shareholders.
7. On November 21, 2006, there was a leak of customer data at FeliCa Networks, Inc. as a result of the actions of a temporary employee. Although this occurred while Mr. Natsumo was Director of the company, Mr. Natsumo was not involved in the incident. After the incident occurred, Mr. Natsumo proactively followed up by issuing a strong caution in reference to risk management, called for rigorous compliance with applicable laws and regulations, and revised internal rules and regulations, in order to prevent any further occurrence of similar incidents. In this manner, Mr. Natsumo fulfilled his responsibilities.
Additionally, on January 30, 2007, an unauthorized external intrusion was recorded on the server of the Vpass internet service provided by Sumitomo Mitsui Card Co., Ltd. and there was a leak of certain data pertaining to cards held by customers. The company reported the leak to the authorities and contacted affected customers to explain the situation and apologize for any inconvenience. Although this occurred while Mr. Natsumo was Director of the company, Mr. Natsumo was not involved in the incident. After the incident occurred, Mr. Natsumo fulfilled his responsibilities and followed up by proactively building a system to prevent any further occurrence of similar incidents, including by conducting an investigation into system weaknesses and strengthening supervisory systems.

Venue of the 7th Ordinary General Meeting of Shareholders

- 1. Date and time:** Thursday, June 23, 2011 at 10:00 a.m.
2. Venue: Event Hall, Bellesalle Shiodome
Sumitomo Fudosan Shiodome Hamarikyu Building
8-21-1 Ginza, Chuo-ku, Tokyo, 104-0061, Japan

Access by Rail

- 9-minute walk from the Karasumori Exit or the Shiodome Exit of Shimbashi Station (JR Line)
 - 6-minute walk from Shiodome Station (Oedo Line) exiting the gates leading to JR Shimbashi Station
 - 11-minute walk from the No. 4 Exit of Shimbashi Station (Ginza Line)
 - 9-minute walk from Shimbashi Station (Asakusa Line) exiting the gates leading to JR Shimbashi Station and Shiodome
- * When taking any of the routes above, please take the underground walkways after leaving the exits.
- * You are strongly advised to take public transportation on the day of the Meeting, as congestion is expected on the streets and parking areas surrounding the venue.