



Fiscal Year Ending March 2006 Overview of 3rd Quarter Results

SEGA SAMMY HOLDINGS INC.

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Appendix - Attached Separately

Fiscal Year Ending March 2006 3rd Quarter Results – Consolidated Income Statement

Upward Revision of our Original Full Year Plan

	FYE March 2005		FYE March 2006				
	Results Through 3Q	Full Year	Results Through 3Q	Increase Over Prior Year's Period	Prior Full Year Plan	Revised Full Year Plan	Increase Over Prior Plan
Net Sales	399.4	515.6	420.8	5.3%	567.0	570.0	10.5%
Operating Income	92.0	105.0	101.2	10.0%	100.0	120.5	14.7%
Ordinary Income	90.7	104.4	101.1	11.4%	100.0	120.0	14.9%
Net Income	46.2	50.5	63.4	37.2%	56.0	68.0	34.6%

[Drivers]
[3rd Quarter Results]

Net Sales UP 5.3% over the prior year, **All segments performing well.**

Income YTD Operating and Ordinary Income have passed JPY100 Billion, and **cleared our full year forecast.**

3rd Quarter Net Income Sega's business is once again healthy and helped to drive profits.

[Revised Full Year Plan]

Reflecting the results achieved to date and our forecast for the 4th Quarter we have upwardly revised our full year estimates.

Fiscal Year Ending March 2006 3rd Quarter Results – Consolidated Segment Information

Consumer Business Back in the Black, Pachinko/Pachislot and Amusement Machine Businesses Expand Profits

JPY Billions	FYE March 2005		FYE March 2006				
	Results Through 3Q	Full Year	Results Through 3Q	Increase/ (Decrease) Over Prior Year's Period	Prior Full Year Plan	Revised Full Year Plan	Increase/ (Decrease) Over Prior Plan
Net Sales	399.4	515.6	420.8	5.3%	567.0	570.0	10.5%
Pachinko/Pachislot	220.7	280.1	212.0	(3.9%)	284.0	280.0	0%
Amusement Machines	49.7	63.3	54.1	8.8%	68.0	75.0	18.4%
Amusement Facilities	62.2	83.1	77.8	25.0%	106.0	104.0	25.1%
Consumer Business	49.1	65.3	61.9	26.0%	85.0	90.0	37.8%
Other	17.7	23.7	14.7	(16.9%)	24.0	21.0	(11.4%)
Operating Income	92.0	105.0	101.2	10.0%	100.0	120.5	14.7%
Pachinko/Pachislot	88.5	103.9	82.6	(6.6%)	86.0	100.0	(3.8%)
Amusement Machines	6.4	7.4	10.5	64.0%	8.5	12.0	62.1%
Amusement Facilities	5.0	5.4	8.0	60.0%	11.0	10.0	85.1%
Consumer Business	(5.1)	(8.8)	2.2	-	(1.0)	2.5	-
Other	(0.2)	(0.5)	(0.8)	-	(0.1)	(1.5)	-

Fiscal Year Ending March 2006 3rd Quarter Results – Consolidated Balance Sheet

Strong Financial Footing

(Units : JPY Billions)

	12/2005	9/2005	Change
Current Assets	345.5	294.6	+50.9
Fixed Assets	188.5	167.0	+21.5
Total Assets	534.0	461.7	+72.3

	12/2005	9/2005	Change
Current Liabilities	150.7	122.3	+28.4
Fixed Liabilities	52.9	51.9	+1.0
Total Liabilities	203.7	174.3	+29.4
Minority Interest	18.6	11.7	+6.9
Shareholder's Equity	311.6	275.7	+35.9
Total Liabilities, Minority Interest and Shareholder's Equity	534.0	461.7	+72.3

【 Topics 】

Increase in Current Assets: Receivables increased with the end of year sales drive.

Intangible Fixed Assets: Adjustments made due to the consolidation of TMS entertainment

Changes in the outstanding Convertible Bond: Outstanding notes of JPY5.3 Billion as of March 2005 05/3 **Reduced to JPY130 Million as of the end of the 3rd Quarter, and JPY 1.3 Million as of February 7th 2006.**

Fiscal Year Ending March 2006 3rd Quarter Results – Pachinko/Pachislot

Margins better than planned – The result of re-use of LCD panels and other components

		FYE March 2005		FYE March 2006		
(JPY Billions)		Results Through 3Q	Full Year	Results Through 3Q	Prior Full Year Plan	Revised Full Year Plan
Net Sales		220.7	280.1	212.0	284.0	280.0
	Pachislot	170.5	221.0	144.2	171.8	187.0
	Pachinko	37.4	44.3	60.0	94.6	83.0
	Peripherals and Other	12.7	14.6	7.8	17.7	10.0
Operating Income		88.5	103.9	82.6	86.0	100.0
Operating Margin		40.0%	37.0%	38.9%	30.2%	35.7%

Pachislot Points
Major Titles Drive Sales

"Aladdin 2 Evolution": 122K Units Sold (3Q)

Total orders around 150K units

 Orders of Rodeo's "Orenosora" are strong
(to be shipped in March)

Unit Supply continues to be firm

Planned Sales of New Regulation Machines

3Q: Sammy 1 Title



Full Year: Sammy - 2 Titles, Rodeo - 1 Title,

Unit Supply - 1 Title

Pachislot


* Results by Title may be found on Pg 3 of the Appendix

New Regulation Model "Onimusha" is included in the Rodeo Titles

	1Title	2Titles	4Titles	9Titles	5Titles
	351,821Units	416,994Units	280,571Units	335,000Units	315,000Units
	2Titles	4Titles	1Title	7Titles	3Titles
	88,231Units	165,239Units	52,778Units	140,000Units	150,000Units
Unit Supply (* Aristocrat, IGT)	3Titles	3Titles	4Titles	6Titles	4Titles
	94,700Units	94,700Units	132,105Units	105,000Units	135,000Units
Total	6Titles	9Titles	9Titles	22Titles	11Titles
	534,752Units	676,933Units	465,454Units	580,000Units	600,000Units

Pachinko

* Results by Title may be found on Pg 3 of the Appendix

	7Titles	8Titles	6Titles	12Titles	9Titles
	201,092units	233,049units	259,272units	430,000Units	365,000Units

Pachinko Points
Revision of Sales Schedule

In light of the strength in the pachislot market, the capital tie-up with Ginza, and the competitive landscape we have revised our sales schedule.

Capital Tie-up with Ginza, Establishment of Sales Subsidiary

Realization of Pachinko multi-brand development

Income Drivers

Lowered costs with re-use of LCD panels and lowered material cost

Margins are increasing as the mix of pachinko and pachislot sales changes

High Value Add Products Contribute to Segment Results
 Will continue to contribute through the second half and beyond

JPY Billions	FYE March 2005		FYE March 2006		
	Results Through 3Q	Full Year	Results Through 3Q	Prior Full Year Plan	Revised Full Year Plan
Sales	49.7	63.3	54.1	68.0	75.0
Operating Income	6.4	7.4	10.5	8.5	12.0
Operating Margin	12.8%	11.6%	19.4%	12.5%	16.0%

Results by machine may be found on Page 4 of the Appendix.

Amusement Machine Points

”Star Horse 2 New Generation” selling well

Large medal games Star Horse 2 New Generation continues to be produced at full capacity in the second half and demand is spilling over into the next period

Aggressively putting high value-add products on the market

”MJ3” other net-worked games, trading card games and others are performing well

Drivers of Profitability

As the market as a whole recovers, amusement machine sales are strong

”Star Horse 2 New Generation” and other high priced large machines are selling well and expanding profits

Fiscal Year Ending March 2006 3rd Quarter Results – Amusement Facilities

Card Business is Booming Not Temporary, the Hit Continues

JPY Billions	FYE March 2005		FYE March 2006		
	Results Through 3Q	Full Year	Results Through 3Q	Prior Full Year Plan	Revised Full Year Plan
Net Sales	62.2	83.1	77.8	106.0	104.0
Operating Income	5.0	5.4	8.0	11.0	10.0
Operating Margin	8.0%	6.4%	10.2%	10.3%	9.6%
Facilities	469	477	(*)472	468	472
Opened	20	24	(*)14	13	16
Closed	34	42	48	22	50
Capital Expenditures	117	248	166	268	239

(*)From October 3Q results include the stores operated by TMS Entertainment.

Results of existing facilities and new business may be found on Pg 5 of the Appendix.

Amusement Facility Points

Kids Card Business is Strong

Mushiking

	Cards Sold	Installed Base
9 Months Ending 12/2006	157Million	2,200Units
Total	317.0Million	11,200Units

Fashionable Witches Love and Berry

	Cards Sold	Installed Base
9 Months Ending 12/2006	83.50Million	4,900Units
Total	91.00Million	6,700Units

Expanded shipments of “The Fashionable Witches Love and Berry”

Will be developing a magazine and apparel from March

September to December Same Store Sales Comps

(Not including facilities operated by TMS Entertainment)

Results were 104.2% in comparison with the same period in the prior year

Continue the Process of Scrap and Build

Opened 14 facilities, closed 48 facilities and ended the period with 472 facilities

Drivers of Profitability

High margin kids card games are performing well
Recovery of existing stores

Fiscal Year Ending March 2006 3rd Quarter Results – Consumer Business

3Q and the Full Year Now in the Black Entertainment Software and Toy Sales Strong

		FYE March 2005		FYE March 2006		
		Results Through 3Q	Full Year	Results Through 3Q	Prior Full Year Plan	Revised Full Year Plan
JPY Billions						
Net Sales		49.1	65.3	61.9	85.0	90.0
	Entertainment Software		39.4	36.7	49.6	55.0
	Networks/Other		25.9	25.4	35.4	35.0
Operating Income		(5.1)	(8.8)	2.2	(1.0)	2.5
Operating Margin		-	-	3.5%	- %	2.7%
Game Software Sales (millions)		9.19	11.79	11.47	15.37	16.5
	Japan and Asia	2.81	3.38	3.19	4.83	4.4
	America	6.38	4.53	3.95	4.75	5.9
	Europe		3.87	4.33	5.79	6.2
R&D Expense		15.1	21.7	11.9	21.3	18.5
R&D Expense as a % of Consumer Business Net Sales		30.7%	33.2%	19.2%	25.0%	20.5%

* Entertainment software results may be found on Pg 6 of the Appendix

Consumer Business Points
Moved into the Black

Determined to make this a profitable business from the next period onward

Entertainment Software

In the competitive Christmas Season our titles did well
 Overseas: "Shadow the Hedgehog", "Football Manager", "Condemned"

Domestic: "Ryugagotoku", "Mushiking"

Japan: 3.19M units, US: 3.95M, Europe: 4.33M

Networks and Other

"HOMESTAR", "idog" and other products of Sega Toys sell well

China online game: Licensing contract with Chinese Company

TMS Entertainment made a subsidiary

Sammy Networks is late to market with its content



Drivers of Profitability



Strong domestic and overseas Christmas sales

With the delay of the online business development and marketing costs are pushed out

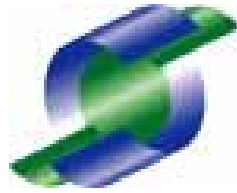
Fiscal Year Ending March 2006 3rd Quarter Results – Subsidiaries

Losses are less than forecast Each business has rising profitability

Segment	Consumer		Consumer	
				
JPY Billions	Results Through 3Q	Full Year Plan	Results Through 3Q	Full Year Plan
Net Sales	6.0	8.1	11.9	13.5
Operating Income	1.5	2.0	1.1	1.1
Net Income	0.8	1.2	0.7	0.6

Segment	Amusement Facilities Consumer		Other	
				
JPY Billions	Results Through 3Q	Full Year Plan	Results Through 3Q	Full Year Plan
Net Sales	11.2	16.3	12.1	16.5
Operating Income	1.1	1.8	(0.3)	(0.4)
Net Income	0.7	1.1	(0.3)	(0.4)

Subsidiaries Points	
Sammy NetWorks	<p>Results were below expectations</p> <p>Target subscribers for PC online game service “777town.net” not met</p> <p>New Service ”muPass” dissemination is delayed</p>
SEGA TOYS	<p>Revised full year plan up when they released 3Q results</p> <p>Christmas sales were good</p>
TMS Entertainment	<p>Rising sales, declining profit</p> <p>Full year forecast is unchanged since mid term results</p>
NISSHO INTER LIFE	<p>Results revised downward</p> <p>Construction orders fall</p>



SEGA SAMMY
H O L D I N G S

Disclaimer

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.

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