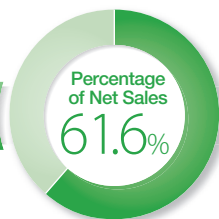


Segment Information

Pachislot and Pachinko Machine Business Segment



Second Quarter Review

Pachinko

Unit sales improve despite a slow market

Despite some sluggishness in new machine replacements on the pachinko machine market, the Group's unit sales exceeded the second quarter of last year, totaling 198,000 pachinko machine units overall on increased sales of the *Pachinko CR Hokuto No Ken Raoh* series under the Sammy brand and the *CR Full Metal Panic! TSR* series under the TAIYO ELEC brand.

Efforts were also made to reduce parts procurement costs, primarily for LCD panels.

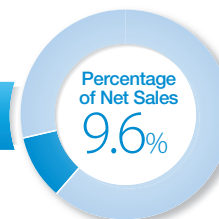
Pachislot

Continued growth through the steady launch of hit models

Unit sales of pachislot machines totaled 201,000 units in the second quarter under review, a significant increase year on year, thanks to solid sales of TAIYO ELEC-branded *Ring ni Kakeru -Golden Japan Jr. Series-* and Sammy-branded *Pachislot SPIDER-MAN 3*, launched in the second quarter, Sammy-branded *Pachislot SOUTEN-NO-KEN*, launched in the first quarter, and *Shin Onimusha*, launched the previous period under the Rodeo brand.

Profitability also improved as a result of efforts to reuse parts and materials, primarily LCD panels.

Amusement Machine Sales Business Segment



Second Quarter Review

Strong results from new business model

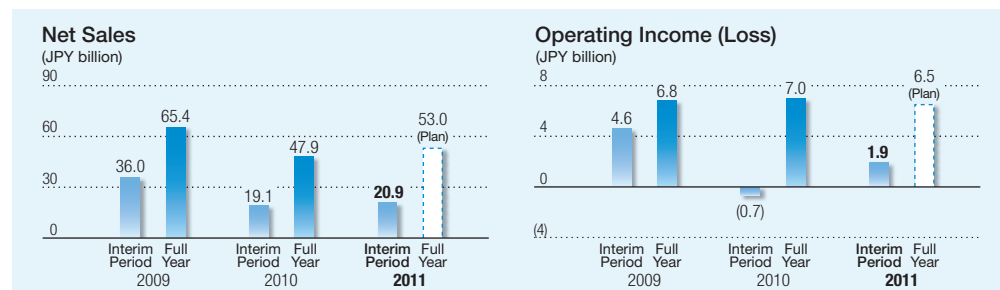
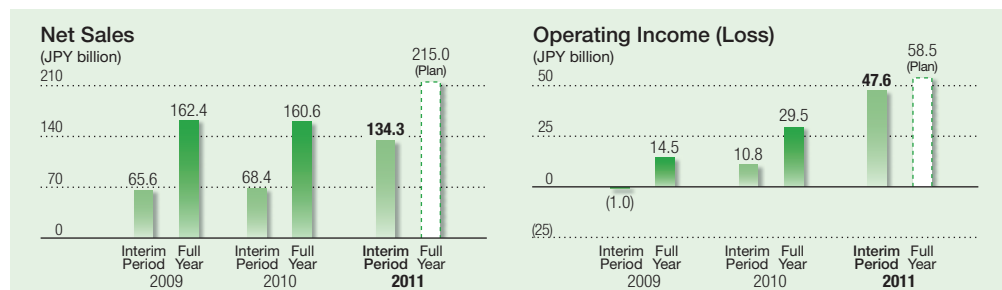
The business enjoyed good proportional revenues from titles provided through revenue sharing, a model aimed at increasing the investment efficiency of amusement facility operators and ensuring stable, long-term revenues for the Group. The titles include *BORDER BREAK*, a network robot fight game launched last period.

The revenue-sharing model is a revenue model that involves selling cabinets and other general components and lending out circuit boards, software and other content free of charge and then charging a content usage fee based on use of the content at the facility,

which is tracked via a network. The model reduces initial investment costs for operators, and for the Group it can be expected to provide a steady, stable stream of revenues, unlike when the machines are simply sold, which has been the conventional model.

CVT Kits for mainstay titles, prize products and cards all perform well

In addition, CVT Kits (kits that provide replacement circuit boards, software and exteriors for upgrading) for SEGA Network *Mah-jong MJ4 Evolution* and other mainstay titles sold well, as did prize products, cards and other consumables.



News

The Group's Mainstay Titles Drive Recovery in Pachislot Machine Market

The pachislot machine market had been contracting under the impact of regulatory revisions that went into effect in July 2004. Amid such conditions the SEGA SAMMY Group quickly developed and launched a series of new titles, *Eureka Seven*, *Shin Onimusha* and *SOUTEN-NO-KEN*.

These products have been extremely well received both by pachislot and pachinko hall operators and their customers, driving a recovery in the pachislot machine market.



Pachislot SOUTEN-NO-KEN © Tetsuo Hara & Buronson 2001, Approved No. SAH-310 © Sammy
Shin Onimusha © CAPCOM CO., LTD. ALL RIGHTS RESERVED. © Sammy © RODEO

News

Network Robot Fight Game *BORDER BREAK* Enjoys High Usage

BORDER BREAK, which is supplied through the revenue-sharing model, has continued to enjoy high usage since initial installations in September 2009.

As of the end of the second quarter (consolidated, cumulative), five titles are in operation under the revenue-sharing model, helping to generate stable profits.



BORDER BREAK © SEGA

Amusement Center Operations Segment

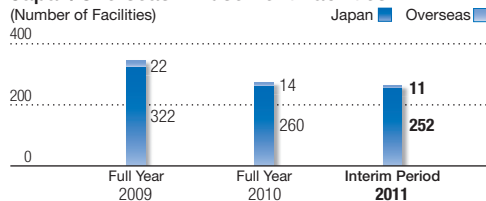
Percentage of Net Sales
10.8%

Second Quarter Review

Firm same-store sales in Japan

Domestic same-store sales in the second quarter exceeded the total from the second quarter of the previous year. On a consolidated, cumulative

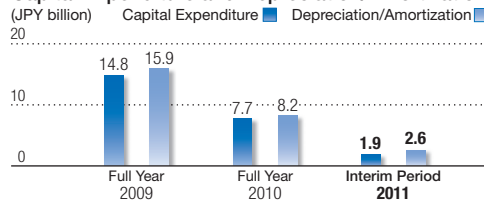
Japan/Overseas Amusement Facilities



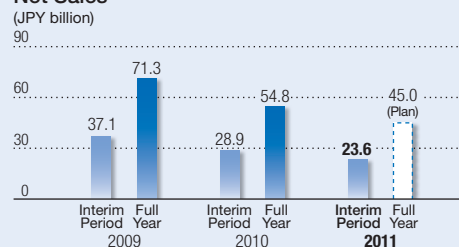
basis, second quarter sales were 99.9% of the second quarter last year.

Ten centers were closed in the first two second quarters, while two new centers were opened, bringing the total as of the end of the quarter to 252.

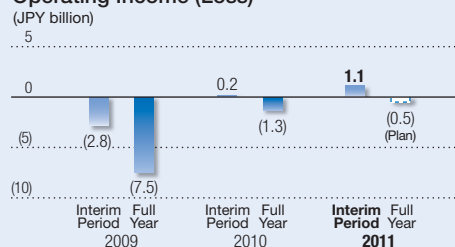
Capital Expenditure and Depreciation/Amortization



Net Sales



Operating Income (Loss)



News

Monthly Same-Store Sales in Japan Up Year on Year for First Time in Four Years

The amusement center operations market has contracted in recent years against a backdrop of stagnant consumer spending and a paucity of amusement machines and services that meet user needs.

Amid such conditions, SEGA closed and sold off facilities with low profitability and potential, or reduced their operating costs while working to strengthen operations at existing facilities. As a result, in the second quarter, monthly same-store sales in Japan were up year on year for the first time in four years.



SEGA YOYOGI



CLUB SEGA
AKIHABARA NEW ANNEX

Consumer Business Segment

Percentage of Net Sales
17.8%

Second Quarter Review

Home Videogame Software

Sales for the domestic market steadily grow but sluggishly for the overseas markets

In the domestic market, new titles such as *HATSUNE MIKU –Project DIVA– 2nd* and *Kurohyo: Ryu ga Gotoku Shinsyo* were launched and performed solidly.

However, tough market conditions overseas led to soft sales of new titles.

As a result, unit sales of videogame software amounted to 3.20 million in the U.S., 2.15 million in Europe and 1.24 million in Japan and other regions, for a total of 6.6 million.

Other Businesses

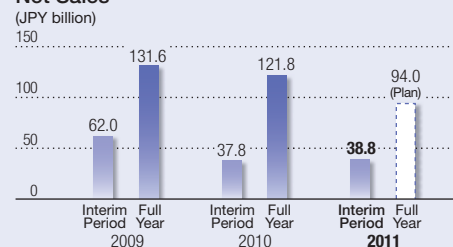
Full-fledged development of leading content contributes to earnings

In the toy business, mainstay products sold well in the domestic market while sales of *Bakugan* were solid on domestic and overseas markets.

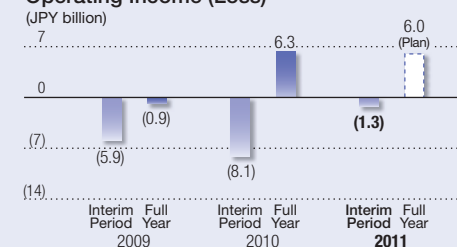
The PC and mobile content business continued to enjoy steady sales, centering on PC game distribution.

Animation products recorded strong proportional revenues on the success of the 14th *Detective Conan* movie and strong revenues from *Bakugan* royalties both domestically and overseas.

Net Sales



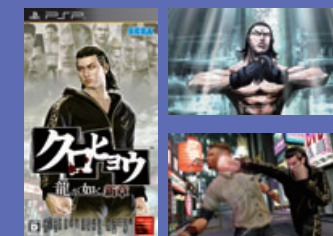
Operating Income (Loss)



News

New Software Title in *Ryu ga Gotoku* Series Launched: *Kurohyo: Ryu ga Gotoku Shinsyo*

The *Ryu ga Gotoku* series has been a major hit, recording shipments of over four million to date. *Kurohyo: Ryu ga Gotoku Shinsyo*, the latest addition to the series, inherits the DNA of *Ryu ga Gotoku*, but the platform has moved to the PSP® PlayStation Portable. With new main characters, grand drama and novel modes of expression, the game creates a new world for *Ryu ga Gotoku* brimming with originality.



Kurohyo: Ryu ga Gotoku Shinsyo

Kurohyo: Ryu ga Gotoku Shinsyo © SEGA