

(Translation)

March 30, 2012

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.
 Name of Representative: Hajime Satomi,
 Chairman of the Board and
 Chief Executive Officer
 (Code No. 6460, Tokyo Stock Exchange 1st Section)
 Further Inquiry: Koichiro Ueda,
 General Manager of Group
 Executive Office and Group
 Communications Office
 (TEL: 03-6215-9955)

Notice of Extraordinary Loss and Adjustment to the Forecast of Operating Results

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the “Company”) is expected to record extraordinary loss in the year ending March 2012 as described below, in accordance with its determination at the meeting of the Board of Directors held on March 30, 2012 to implement structural reform of the Consumer Business of its subsidiary SEGA CORPORATION.

Furthermore, adjustment has been made to the forecast of its full-year consolidated operating results for the year ending March 2012 publicized on October 31, 2011 in consolidation of the recent development of its business performance.

Description

Adjustment to the forecast of full-year consolidated operating results for the year ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(Unit: million yen unless otherwise indicated)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previously publicized forecast (A)	440,000	77,000	75,500	38,000	151.03
Adjusted forecast (B)	394,000	60,000	59,500	20,000	79.49
Amount of increase or decrease (B-A)	(46,000)	(17,000)	(16,000)	(18,000)	
Rate of increase or decrease (%)	(10.5)	(22.1)	(21.2)	(47.4)	
(For reference) Operating results for the previous year (from April 1, 2010 to March 31, 2011)	396,732	68,750	68,123	41,510	163.19

1. Reasons for recording extraordinary loss

The Consumer Business centered on SEGA CORPORATION is expected to post operating loss in the year ending March 2012, given the severe economic environment in the U.S. and Europe and rapid change in market environment of home video game software. Amid such business environment, the Company decided to implement structural reform of the Consumer Business at SEGA CORPORATION to strive for a shift to a structure corresponding to the market environment for the purpose of earnings recovery in the following period and after.

In accordance with the decision, the Company is expected to record extraordinary loss totaling around 7.1 billion yen, including costs in line with the streamlining of organizations and the canceling of development of some game software and costs for processing inventory. As for the Consumer Business in the following period and after, the Company projects decreases in operating expenses due to the reform.

Please refer to “Concerning Structural Reform of Consumer Business at SEGA CORPORATION” announced on the same day for details of the reform.

2. Reasons for the adjustment to the forecast of operating results

In the Pachislot and Pachinko Machines Business, the pachislot business is currently seeing strong order receipts for Rodeo brand’s “Monster Hunter” for which installment started at the end of March. However, since shipment is planned to be conducted from the current period to the next period due to sales schedule, and since sales of some titles were postponed to the next period due to the impact of the flooding in Thailand last year, the pachislot machine sales volume for the full year ending March 2012 is projected to be 301,000 units (previously publicized forecast: 310,000 units). As for the pachinko business, the market has slightly weakened with the background of heightened demand for pachislot machines, and the pachinko machine sales volume for the full year is projected to be 332,000 units (previously publicized forecast: 400,000 units).

The Amusement Machine Business and Amusement Center Operations Business are expected to post strong results, while the Consumer Business is expected to record operating loss as indicated in “1. Reasons for recording extraordinary loss.” Furthermore, the Company will post approximately 4.9 billion yen as costs in the fourth quarter as the Company book impairment loss on work in process of some titles currently being developed after reevaluating the profitability of game software to be sold from the end of the current period to the next period in consideration of the market environment.

As a result of the above, consolidated net sales of 394.0 billion yen (down 46.0 billion yen from the previously publicized forecast), operating income of 60.0 billion yen (down 17.0 billion yen from the previously publicized forecast), ordinary income of 59.5 billion yen (down 16.0 billion yen from the previously publicized forecast), and net income of 20.0 billion yen (down 18.0 billion yen from the previously publicized forecast) are projected for the full year ending March 2012.

Concerning dividend forecasts, there is no change in forecast of year-end dividends at 20 yen per share and an annual total of 40 yen per share.

*The above figures and forecasts of operating results are based on information available to management as of the date hereof. In the future, actual results may differ from the projected figures due to various factors.

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