

(Translation)

December 4, 2015

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: Seiichiro Kikuchi
Executive Officer
Division Manager,
Group Executive Office
(TEL: 03-6215-9955)

Notice of Adjustment of Full-Year Consolidated Operating Results Forecast

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the "Company"), in consideration of the recent development of its business performance, has made an adjustment to the forecast of its consolidated operating results for the year ending March 31, 2016 publicized on May 11, 2015, as described below..

Description

1. Adjustment to the forecast of full-year consolidated operating results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016).

(Unit: million yen unless otherwise indicated)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (yen)
Previously publicized forecast (A)	420,000	25,000	25,000	19,000	80.02
Adjusted forecast (B)	355,000	10,000	9,000	2,000	8.53
Amount of increase or decrease (B-A)	(65,000)	(15,000)	(16,000)	(17,000)	—
Rate of increase or decrease (%)	(15.5)	(60.0)	(64.0)	(89.5)	—
(For reference) Operating results for the previous year (from April 1, 2014 to March 31, 2015)	366,813	17,495	16,879	(11,375)	(46.70)

*As accounting policies were changed starting from the year ending March 2016, operating results for the previous year reflects retrospective treatment.

[Reasons for the adjustment]

With regard to Pachislot and Pachinko Machines Business, the primary source of revenue of the Group, since the change in application of the model test procedure of pachislot machines by the Security Communications Association from September 2014, measures of self-regulation are implemented by the Japan Pachislot Machine Industry Association ("Nichidenkyo") and the Japan Pachinko Machine Industry Association ("Nikkoso"), to which Sammy Corporation, the Company's subsidiary, the subsidiaries of Sammy Corporation and other companies belong, to solve various issues.

In the pachislot machine market, sales of new pachislot machines are generally weak except for mainstay titles with successful track record, because machine utilization of titles compliant with the standards before last year's change in the application of the model test procedure by the Security Communications

Association remains firm. Also, in the pachinko machine market, the environment is likely to be challenging in the short term. For example, replacement demand for new pachinko machines is expected to become weak in line with the application of the voluntary agreement on measures to prevent players from becoming too immersed in playing, which were decided by Nikkoso, an association of pachinko machine manufacturers.

As for the Company, sales for the pachislot machines other than the mainstay titles are weak and as a result, pachislot unit sales are expected to underperform compared to initial forecasts and we revise the annual unit sales projection for the period under review to 154,000 units (previously announced forecast: 265,000 units). For pachinko machines, recent sales status has shown generally strong performance. However, since structural reform in the Pachislot and Pachinko Machines business has started as announced on September 30, 2015, the forecast number of unit sales mainly of TAIYO ELEC brand machines are reviewed and the Company has decided to revise the annual number of unit sales for the current fiscal year to 203,000 units (previously announced forecast: 220,000 units).

Regarding the digital game software field of the Entertainment Contents Business, competition in the Japanese market is intensifying. Therefore, higher-quality content is expected, thus resulting in a trend of longer development lead times. The Company also has titles whose launches were postponed from the initial schedule and titles that did not fulfill our expectations in terms of market reception. Under such circumstances, although the Company has been working to strengthen profitability by taking measures such as further development of the product lineup through provision of new titles, holding of various events related to existing titles and conducting major updating to enhance game elements, such is not likely to be sufficient to offset the impact of the postponement of the release schedule, etc. Furthermore, operating results of the Entertainment Contents Business for the current fiscal year is expected to fall below the initial forecast due to a delayed release schedule of mainstay titles against the initial plan in the packaged game software field and amusement machine field as well.

As a result of the above, consolidated net sales of 355,000 million yen (down 65,000 million yen from the previously publicized forecast), operating income of 10,000 million yen (down 15,000 million yen from the previously publicized forecast), ordinary income of 9,000 million yen (down 16,000 million yen from the previously publicized forecast). Also, as a result of carefully examining the recouping capability of deferred tax assets, profit attributable to owners of parent of 2,000 million yen (down 17,000 million yen from the previously publicized forecast) are projected for the year ending March 31, 2016.

(For reference)

Segment breakdown are shown as below.

Forecast of full-year operating results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016).

(Unit: million yen unless otherwise indicated)

	Net sales			Operating income		
	Previously Publicized forecast (A)	Adjusted Forecast (B)	Amount of increase or decrease (B-A)	Previously Publicized Forecast (A)	Adjusted Forecast (B)	Amount of increase or decrease (B-A)
Total	420,000	355,000	(65,000)	25,000	10,000	(15,000)
Pachislot and Pachinko Machine	167,000	133,000	(34,000)	23,000	16,500	(6,500)
Entertainment Contents	235,000	205,500	(29,500)	11,500	2,000	(9,500)
Resort	18,000	16,500	(1,500)	(3,500)	(2,800)	700
Other/Elimination	—	—	—	(6,000)	(5,700)	300

2. Future initiatives

Since the fiscal year ended March 2015, the Group has been putting forth efforts on structural reform in order to review the earnings structure of the entire Group from a mid to long-term perspective by reviewing the business process of each business level while optimizing management resources in terms of all aspects of quantity, quality and allocation in order to respond to changes in the management environment surrounding the Company.

In the previous fiscal year, we realigned/downsized some businesses centering on those that are unprofitable or less profitable, as well as reduced fixed expenses mainly in the Entertainment Contents Business. At the same time, while newly making a shift to three business segments, we have made progress in developing a structure to enable investment of management resources in the digital game software field and Resort Business in Japan and abroad, which are positioned as growth areas, through organizational restructuring within the group with an aim to enhance business efficiency, to speed up decision-making and such in each business.

In the current fiscal year, we implemented enhancement of efficiency including consolidation of development and production structures in the Pachislot and Pachinko Machines business and reduction of fixed expenses, etc. centering on TAIYO ELEC Co., Ltd. as announced on September 30, 2015. We position such structural reform in the current fiscal year as initiatives aiming for improvement of the group's business portfolio. Under the initiatives, all businesses are categorized into growth, maintain or withdraw/downsize fields based on their profitability, etc. after discussing improvement measures for the business process of each business, and then actions suitable for each field will be taken as soon as practicably possible. In line with the initiatives, we have resolved the share transfer of Index Corporation as announced on November 27, 2015. We will continue to discuss further initiatives targeting all businesses and plan to present the entire overview at the time of announcement of full year results for the fiscal year ending March 2016 (scheduled in May 2016.)

Meanwhile, there are no changes to the forecast of dividends of 20 yen for year-end dividends, 40 yen annually.

(Note) The above forecasts of operating results are made based on information available to management as of the date hereof. In the future, actual results may differ from the projected figures owing to various factors.

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