

Business Report for the Six Months Ended September 30, 2012

From April 1, 2012, to September 30, 2012

Winter
Edition

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2012 winter

SEGA SAMMY REPORT



SEGA SAMMY **in** 2012 Interim

Net sales

First half **JPY 136.5 billion** Full year (Announced on May 11, 2012) **JPY 470.0 billion**

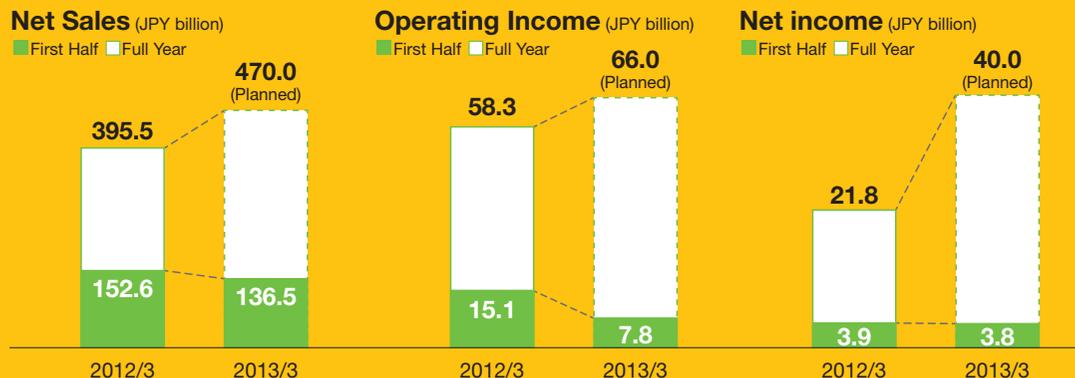
Stagnant sales for pachinko machines and the revision of sales schedules for some pachislot titles led to a decline in net sales compared to the same period in the previous fiscal year, and the numbers of machine units sold fewer than the respective numbers initially announced at the start of the period.

We will announce the full-year consolidated results forecast as soon as the future outlook becomes clear. We need to thoughtfully review the sales trends of our mainstay products that are slated to go on sale in and after the third quarter.

Operating income

First half **JPY 7.8 billion** Full year (Announced on May 11, 2012) **JPY 66.0 billion**

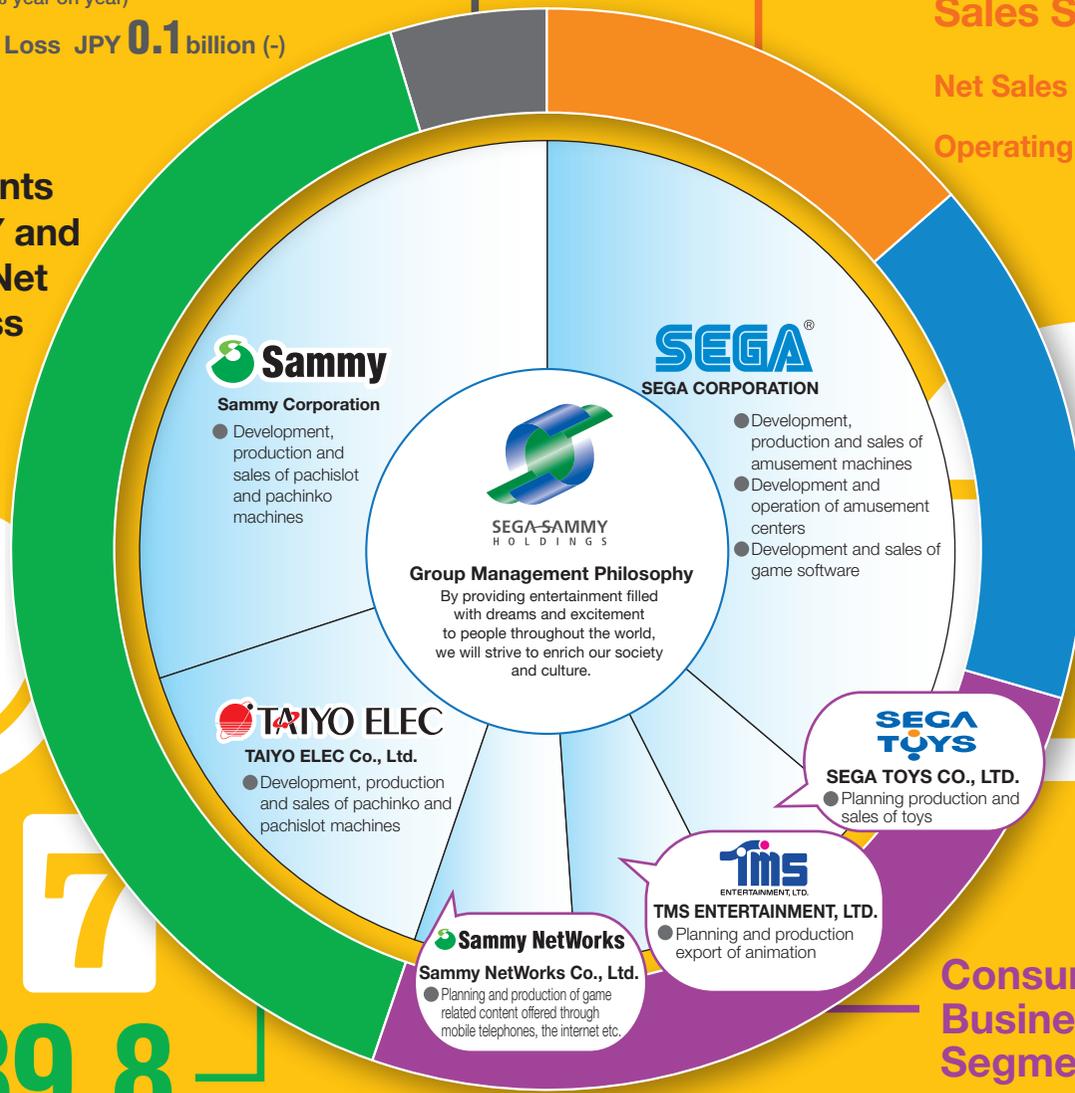
Profits of the Group decreased compared to the same period of the previous year mainly due to declines in sales and profits in the Pachislot and Pachinko Machines segment that were affected by changes in the market environment. However, profits for the first half exceeded those in the initial plan due to the positive effect of increased net sales in the Consumer Business segment resulting from favorable packaged software unit sales in and the recording of a part of the research-and-development expenses, content production expenses and advertising expenses for the second half, all of which had been initially expected to be posted in the first half. In the second half, we will continue to carry out flexible strategies along with margin improvement.



Please see page 13 for detailed financial information. ●●●▶

Other **4.6%**
 Net Sales JPY **6.3** billion (up **293.8%** year on year)
 Operating Loss JPY **0.1** billion (-)

Business Segments of SEGA SAMMY and Composition of Net Sales by Business Segment



Amusement Machine Sales Segment **13.7%**
 Net Sales JPY **18.7** billion (down **3.1%** year on year)
 Operating Income JPY **0.8** billion (down **46.7%** year on year)

Amusement Center Operations Segment **15.9%**
 Net Sales JPY **21.7** billion (down **6.5%** year on year)
 Operating Income JPY **0.8** billion (down **50.0%** year on year)

777
 Pachislot and Pachinko Machines Segment **39.8%**

Net Sales JPY **54.3** billion (down **27.4%** year on year)
 Operating Income JPY **10.4** billion (down **49.5%** year on year)

Consumer Business Segment **25.9%**
 Net Sales JPY **35.3** billion (up **5.7%** year on year)
 Operating Loss JPY **0.7** billion (-)

Please see page 5 for results by segment. ...▶





Hajime Satomi
SEGA SAMMY HOLDINGS INC.
Chairman of the Board and Chief
Executive Officer
Chairman of Sammy Corporation
Chairman, Representative
Director and Chief Executive
Officer of SEGA CORPORATION

Dear shareholders,

The SEGA SAMMY Group has implemented various management measures to create a framework that can deal speedily and flexibly with changes in the business environment, and is now directing efforts to build a solid management base to accelerate future growth. Looking forward, we aim to expand our businesses by making every generation in the world our target markets with the goal of “establishing a presence in every business field and becoming one of the world’s foremost comprehensive entertainment companies.”

We look forward to your continued support in our endeavors.

December 2012

Q: Looking back, what is your evaluation of the first half of the fiscal year ending March 31, 2013?

A: Although net sales decreased year on year due to the stagnant sales of pachinko machines and the delayed sales of several pachislot titles, profits favorably exceeded those announced in the initial plan.

In the pachislot and pachinko machines industry, the unit replacement of pachinko machines mainly for major titles was steadily implemented and utilization at parlors and the number of units installed of pachislot machines have recovered. Under such a business environment, the Company’s sales of pachinko machines were low. Furthermore, due to the start of some anticipative initiatives, the planned sales of several pachislot titles were delayed from the intended first half of the year. Consequently, we failed to achieve the number of units sold initially planned.

As a result, during the first half of the fiscal year ending March 31, 2013, we had net sales of JPY 136,583 million, operating income of JPY 7,892 million, ordinary income of JPY 7,295 million and net income of JPY 3,874 million, a drop in both sales and profits compared with the same period in the

previous fiscal year. In terms of profits, the operating income and ordinary income projections planned initially at the start of the period were exceeded due to the positive effects of increased net sales resulting from favorable packaged software unit sales in the Consumer Business segment and several unaccrued operating expenses in the Pachislot and Pachinko Machines segment.

In March 2012, we announced a structural reform of the Consumer Business segment at SEGA CORPORATION aimed at coping with changes in profit-earning and market environment. We recognize that steady results, including a year-on-year sales increase and a considerable reduction in the loss for the Consumer Business segment, were achieved for the first half period under review.

Q: Please explain the status of development of the resort complexes including casinos in South Korea.

A: We made steady progress toward the grand opening of a new casino in 2016.

The Paradise Group, with Paradise Co., Ltd. (headquarters: South Korea) at its core, is a tourism and other services conglomerate that conducts the operation of casinos and management of hotels and spas in South Korea. In the development business of a resort complex including casinos in the Incheon City area of South Korea, we established a joint venture in July 2012 with the Paradise Group, and the joint venture is currently preparing for a grand opening in 2016. The joint venture expect to invest a

total of 800 billion Korean won with regard to this project, of which the Company shall bear about 140 billion Korean won (equivalent to approximately JPY 10 billion). As we are currently in discussion of specific business programs with the Paradise Group, we intend to release the details of our business plan when the time has become appropriate. We have received solid responses and are deeply confident of a successful opening of the new casino.

Q: Please tell us about the full-year results forecast.

A: We aim to achieve an increase in both sales and profits by steadily taking appropriate measures in each business segment.

We have made upward revisions to our first-half forecast of the operating income and ordinary income. However, we will announce the full-year consolidated results forecast as soon as possible, with revisions if deemed necessary, after thoughtfully reviewing the sales trends of our mainstay products that are planned to be launched in the third quarter or later.

In the Pachislot and Pachinko Machines segment, we plan to launch several major titles for both pachislot and pachinko machines in the second half. In addition, through strengthening the initiatives for the reuse of components mainly of LCDs for further cost reduction, we aim to maintain and improve profit margin and carry out flexible strategies.

In the Amusement Machines Business, sales of major titles are not planned for the second half, and a large but temporary decrease in income and profit is anticipated, but discussion on measures to return the level of income back to the same level of the

same period of the previous year have been set as part of the plan for the coming period.

In the Amusement Center Operations segment, amid the harsh business conditions of the industry overall, we established SEGA ENTERTAINMENT CO., LTD. by spinning off the amusement center business of SEGA Corporation and consolidating it with AG Square and SEGA BeeLINK, the Group's subsidiaries operating the amusement center business. In the amusement center operations business, it is important to change the type of operation speedily in response to actual user needs. SEGA ENTERTAINMENT intends to address radical business reforms through swift decision making to create new business opportunities with new facilities.

In the Consumer Business segment, existing mainstay titles will become available on multiple platforms in the growing digital field. In addition, the newly established SEGA Networks plans to focus on expanding leading titles. We aim to maximize profits

Results Forecasts

(Unit: JPY billion)	Year ended March 31, 2012 Results	Year ending March 31, 2013 Forecast	Change (%)
Net sales	395.5	470.0	+18.8
Operating income	58.3	66.0	+13.2
Ordinary income	58.1	65.0	+11.9
Net income	21.8	40.0	+83.5

by extending the monthly-fee billing service developed by Sammy NetWorks. In the toy and animation business, we will pursue new possibilities by breaking through the stagnant market climate.

Q: Please give a final word to our shareholders.

A: We will endeavor to increase our corporate value over the medium to long term and return that to our shareholders.

In the autumn of 2012, we streamlined our production system with the operational start of new pachislot and pachinko machine plants and distribution centers for the SAMMY brand. Under

such circumstances, we are making steady progress in expanding pachislot and pachinko machine sales of major titles, as well as obtaining know-how to address the challenging task of operating domestic and foreign resort facilities. Nevertheless, the key towards a leap in growth of the Group lies with the SEGA CORPORATION. Our structural reforms have produced good results, including improved profitability from narrowing number of packaged software titles and successful results in the growing digital field. The management recognizes that a further increase of SEGA's corporate value would lead to higher appreciation of the value of the Group overall. To reach the Group's full potential, we will continue to

carry out reforms and make group-wide efforts to increase our corporate value toward a target of returning the Group's profit to a level above JPY 100 billion, which was achieved in fiscal 2005 and 2006.

While investing for growth, we will also pay dividends to shareholders aligned with our level of profits. We plan to pay an interim dividend of JPY 20 per share and a year-end dividend of JPY 20 per share, resulting in a full-year cash dividend of JPY 40 per share for the fiscal year ending March 31, 2013.

We ask for and appreciate the continued understanding and support of our shareholders in the Company's business activities.

Notice of Dividends

The Company decided at the meeting of the Board of Directors, held on November 2, 2012, to pay an interim dividend for the 9th term as follows:

- **Interim dividend of JPY20 per share** and a year-end dividend of JPY20 per share, for an annual cash dividend of JPY40 per share, are planned.
- **Effective date (payment start date)**
December 3, 2012



Segment Information

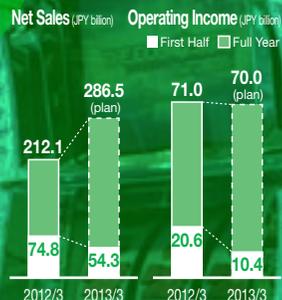
Pachislot and Pachinko Machines Segment



777
Composition of Net Sales **39.8%**

Net Sales
JPY **54.3** billion
(down 27.4% year on year)

Operating Income
JPY **10.4** billion
(down 49.5% year on year)



Key Points for the First Half

Market Environment

- ▶ The replacement of pachinko machines, primarily for mainstay titles, advanced steadily
- ▶ The market for pachislot machines continued towards a path of recovery, and recovery of the utilization at pachinko halls and increased machine installations could be seen

Results

Revenue and profits declined from the previous year, chiefly due to low pachinko sales
Due to a change in the sales schedule, some of the expected sales-related costs did not occur

Primary Factors

- ▶ Without sales of major titles, the pachinko machine sales target for the period was not reached as the focus of the pachinko market has shifted toward major titles
- ▶ A change in the sales schedule for some pachislot titles decreased the number of titles and machines sold during the first half of the year ending March 31, 2013 compared with the planned figures at the beginning of the period
- ▶ Sales of the pachislot titles launched during the period, including Sammy "Pachislot Ring ni Kakero 1—The Twelve Gods of Greece," performed steadily
- ▶ Some of the expected R&D and advertisement costs did not occur due to the aforementioned sales schedule change and other reasons



Key Points for the Full Year We will focus on improving income by promoting the sales and reuse of pachinko and pachislot machines

- ▶ The pachislot market environment continues on a path of recovery
- ▶ New plants and distribution centers started operations
- ▶ The introduction of mainstay pachinko titles, including "Pachinko CR Shin-Juoh" and "CR USAGI-Yasei no touhai" is planned
- ▶ The introduction of major pachislot titles, including "PACHISLOT GHOST IN THE SHELL S.A.C." is planned

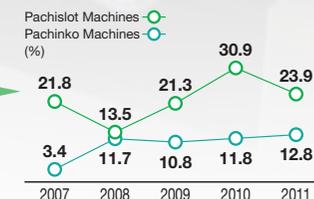
Number of Main New Machines Sold up to the Second Quarter

Pachislot	Sammy	"Pachislot Ring ni Kakero 1—The Twelve Gods of Greece"	25,236 units
Pachinko	Sammy	"Pachinko CR SOUTEN-NO-KEN TENJU"	19,378 units
	TAIYO ELEC	"CR Chameleon"	4,987 units
	Sammy	"Pachinko CR Virtua Fighter Revolution"	4,332 units

Enhanced product and brand strength has steadily expanded our market share of machine sales volume.

Since Sammy transferred to a new development system in fiscal 2009, its development, production, and sales divisions have collaborated to heighten the rigor of quality control and develop products that better reflect market needs. These efforts have succeeded in greatly enhancing the product appeal and brand power of our pachislot and pachinko machines.

Market Share of Pachislot/Pachinko Machine Sales Volume Trends



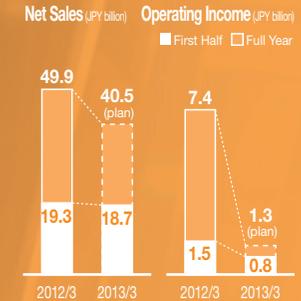
IN FOCUS

Net Sales
JPY **18.7** billion
(down 3.1% year on year)

Operating Income
JPY **0.8** billion
(down 46.7% year on year)

Amusement
Machine Sales
Segment

Composition
of Net Sales **13.7%**



Key Points for the First Half

Market Environment

▶ The domestic market size continued to be stable

Results

There was no plan to sell major titles for the full year, resulting in decreases in sales and profits year-on-year. Accrual of some planned R&D costs has been deferred to the second half, resulting in operating income increase more than planned at the beginning of the period

Primary Factors

- ▶ Launched in July 2012, sales of the novelty rhythm game “maimai” performed well
- ▶ Launched in November 2011, steady sales of StarHorse3 Season I A NEW LEGEND BEGINS. continued
- ▶ Solid distribution of earnings of revenue sharing model is continuing
- ▶ Accrual of some planned R&D costs has been deferred to the second half, resulting in operating income increase more than planned at the beginning of the period

Key Points for the Full Year Sales of new major titles are not planned, and decreases in net sales and profits are expected

- ▶ CVT kits are introduced for some titles, including “SENGOKU-TAISEN” and “INITIAL D ARCADE STAGE 6 AA”
- ▶ Contribution of earnings of revenue sharing model is continuing

Main Titles Sold through the Second Quarter

StarHorse3 Season I A NEW LEGEND BEGINS.	(Medal game)
WORLD CLUB Champion Football Series	(Trading card game)
maimai	(Video game)

Anyone can have fun dancing to the easy-to-operate novelty rhythm game “maimai”

This new style of game can be played by operating the circular touch screen and its surrounding buttons in tune with the music. You can also take a video of yourself playing the game and upload it to the Nico Nico Douga site. With added functions to provide unconventional ways of enjoying it, this game is widely accepted among young people interested in music and dance.



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Segment Information

Amusement Center Operations Segment

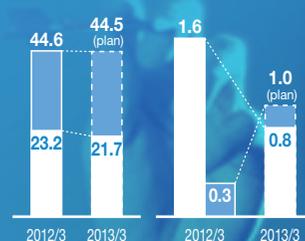


Composition of Net Sales **15.9%**

Net Sales
JPY **21.7** billion
(down 6.5% year on year)

Operating Income
JPY **0.8** billion
(down 50.0% year on year)

Net Sales (JPY billion) Operating Income (JPY billion)
■ First Half □ Full Year

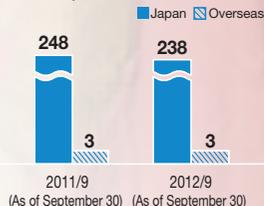


Key Points for the First Half

Market Environment

▶ To address increasingly diverse customer needs, the appearance of new formats of amusement facilities is anticipated to revitalize the market.

Trends in the Number of Amusement Centers in Japan and Overseas (Facilities)



Trends in Capital Expenditure / Depreciation and Amortization (JPY Billion)



Results

SEGA domestic same-store sales were weak at 93.8% year on year.

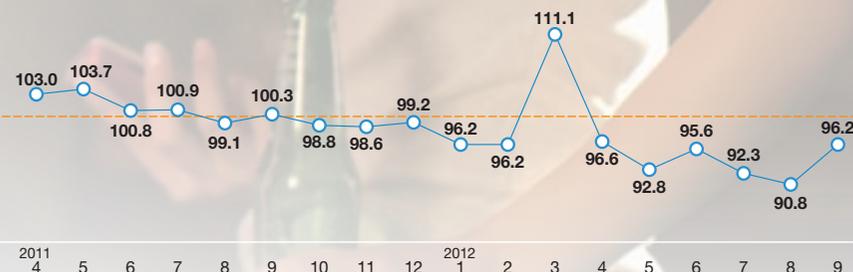
Primary Factors

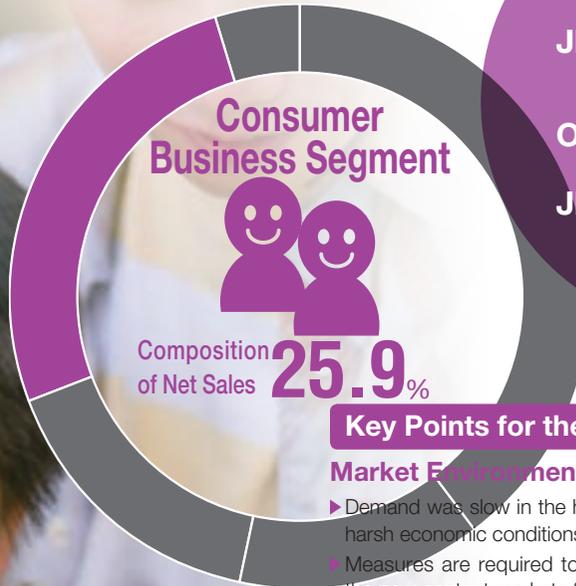
- ▶ The prize category games followed a low trend compared with the same period of the previous fiscal year.
- ▶ The number of our domestic amusement centers as of September 30, 2012 was 238; one new center opened and four centers closed during the period.

Key Points for the Full Year Despite the year-on-year decrease in sales, we expect a profit increase for the full year.

- ▶ SEGA ENTERTAINMENT Co., Ltd. will be established by spinning off the amusement center business of Sega Corporation and consolidating it with the Group's subsidiaries operating the amusement center business AG Square and SEGA BeeLINK
- ▶ Net sales of existing SEGA amusement centers within Japan for the full year ending March 31, 2013 are expected to be 99.0% of the previous fiscal year

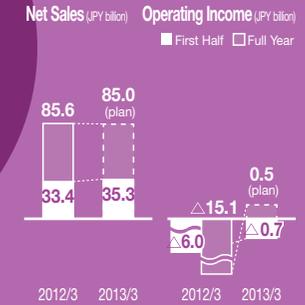
Existing Amusement Center Net Sales Trends (%)





Net Sales
JPY 35.3 billion
(up 5.7% year on year)

Operating Loss
JPY 0.7 billion
(-)



Key Points for the First Half

Market Environment

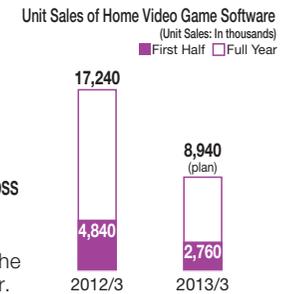
- ▶ Demand was slow in the home video game industry mainly due to the harsh economic conditions in the United States and Europe
- ▶ Measures are required to address the rapidly increasing demand in the new content markets for SNS, smartphones, etc.

Results

A year-on-year net sales increase was achieved, considerably shrinking the operating loss

Primary Factors

- ▶ Since the previous year-end, efforts have continued to restructure the packaged game software business and narrow the number of titles we offer.
- ▶ Olympic-related products targeted at overseas markets performed steadily, including "Mario & Sonic at the London 2012 Olympic Games™," launched in the previous fiscal year, and "London 2012: The Official Video Game of the Olympic Games," launched in the first quarter ended June 30, 2012.
- ▶ New titles, including "HATSUNE MIKU-Project DIVA-f" for the domestic market, and distribution titles achieved steady sales.
- ▶ Strong in service of mainstay title of this period "Phantasy star online 2" (Surpassed 1 million registered IDs)
- ▶ Reinforcement of conversion of pachinko / pachislot game sites for mobile phones / PCs to smart phones
- ▶ For toys, "Jewelpod Diamond" and other mainstay products performed steadily
- ▶ For animation, there were steady revenues from the distribution of "Detective Conan: The Eleventh Striker," the 16th movie release in the theater animation series, as well as program sales and video distribution



Key Points for the Full Year We plan to regain profitability by restructuring the packaged game software business and reinforcing the digital business.

- ▶ As a result of the impact of reducing the number of titles as a measure of structural reform in the U.S. and Europe, units sales of packaged games performed at a lower level, but the loss is reduced
- ▶ Launch of "Sonic & All-Stars Racing Transformed" and "Football Manager 2013" are planned
- ▶ For the domestic market, launch of "Ryu ga Gotoku 5: Yume, Kanaeshimono" is planned.
- ▶ The service of "Kingdom Conquest II" will be started
- ▶ The service of "777townSP for GooglePlay" for smartphones will be started to enhance smartphone service on the pachinko/pachislot game websites for mobile phones and PCs.
- ▶ For the toy and animation businesses, sales expansion will be sought with a focus on popular titles.

● Main Items Sold up to the Second Quarter

Game Title	(Sales Region)	Platform
London 2012: The Official Video Game of the Olympic Games	(US/Europe)	PS3, Xbox360, PC
Hatsune Miku -Project DIVA- f	(Japan)	PSV

Digital Game Content	Platform
Phantasy Star Online 2	PC
Kingdom Conquest	iOS, Android
The Clan Battle of Fate	iOS, Android

"HATSUNE MIKU-Project DIVA-f," the latest release in the popular rhythm action game series featuring the digital diva "Hatsune Miku" is now available in PlayStation® Vita

The main concept "Play Like Singing" remains unchanged, while the game was made more appealing by adding beautiful visual effects only available for PlayStation Vita and augmented reality (AR) and other amusing features. While playing the rhythm game, you can enjoy 32 tunes, including popular ones at video-sharing websites and those written by famous creators. In addition, all costume modules have been newly created.

In the spring of 2013, the long-awaited PlayStation® 3 version will be released!



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Looking Back with a “Key Person” Review of Activities up to the Second Quarter.

Sammy Corporation’s new plant and distribution center started operation with the goal of establishing a production and supply system with Lightning-Fast Reactions

The SEGA SAMMY Group have set medium-term strategic goals to reinforce pachinko machines and to seize top share in the pachinko machine market, which has ample room for share expansion. In recent years, we have continued to maintain a share of 10% or higher and raised our presence steadily in the pachinko machine business. To further expand the pachinko machine business and reinforce our revenue structure, we constructed Sammy Corporation’s new plant and distribution center in Kawagoe, Saitama Prefecture, and began operation on September 18, 2012. High volume of shipments of pachinko machines generally occurs soon after their release. To cope with such short-term and concentrated high demand quickly and avoid losing sales opportunities, a production and supply system with the ability to react quickly is the key and such a system is implemented in the new plant. Moreover, at a location adjacent to the new plant, we constructed a new distribution center, the Sammy Logistics Center, to enhance the ability of product storage to cope with the increase in the number of production and to integrate the management of products and components so as to improve the efficiency of the production and distribution structure.

KEY PERSON

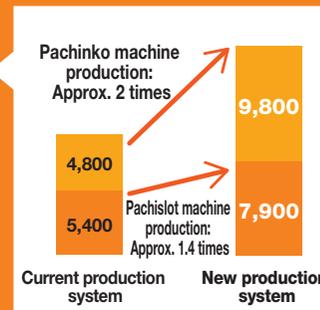
Norio Uchida, Director, Sammy Corporation

Our new Kawagoe Plant and distribution center have started its operation as announced in mid-September 2012. By establishing a production and supply system with the ability to react quickly to cope with short-term and concentrated high demand, we will strive to maintain a leading share in the pachislot machine market and start full-scale measures to acquire the top share in the pachinko machine market. Also, the new plant is made of low-carbon concrete to reduce CO₂ emissions as an environmental conservation measure. Positioning the new plant and distribution center as a core strategic base for our pachislot and pachinko machines business, we will work on maximizing the effect of the functions of the new plant and distribution center.



POINT 1 | Achieve the Industry’s Top Production Capability

Our new plant is capable of producing 2,500 pachislot machines per day and 5,000 pachinko machines per day. With such production capabilities, we will be able to address early demand and in turn achieve our goal of creating a production structure with the ability to react quickly. The overall Group’s production capability is an industry leading 7,900 pachislot machines a day and 9,800 pachinko machines a day.



POINT 2 | Improve the Production Process and Shorten Lead Times

We implemented some improvements in our production process to reinforce production capability and shorten the lead time to address short-term and concentrated demand. The new plant abandoned the use of a product storage warehouse but instead uses a simple method that covers order receipt, production and delivery from the warehouse to shorten the process, thereby raising significantly the ratio of same-day production and shipping.

POINT 3 | Integrate the Functions of the Distribution Bases and the Components Storage Warehouse in the Kanto Area

We integrated the distribution centers in Kanto and six storage warehouses for storing components in our new distribution center. By moving the product distribution, component storage and reuse/recycling functions to locations adjacent to the production bases, we shortened the lead time from production to shipping significantly. Also, we increased the storage capability 2.5 times, and have thus prepared a shipment structure ready to address large volume orders following each product release.

Main Titles

Worldwide players come together as game friends**“Kingdom Conquest II”**

Coming soon is the long-awaited sequel of “Kingdom Conquest” an original real-time strategy (RTS) game fully compatible with smartphones. That has allowed many participants to play at the same time and has had 3 million downloads worldwide.



©SEGA / ©SEGA Networks

New Inspiration! Dragon X Coin RPG! “Dragon Coins”

The new sensibility and full-content RPG provides excitement by nurturing more than 200 kinds of monsters with distinctive personalities and providing that jangling feeling of a coin game.



©SEGA / ©SEGA Networks

Let's create the planet's bravest fighter! QuePla – Quest of Planet

Reinforce the fighter's arms and protective gear by synthesizing materials. The fighter's face, hairstyle, skin and gear can be customized freely. With this easy-to-use RPG, anyone can enjoy creating the “bravest fighter” on the planet.



©SEGA / ©SEGA Networks

Stepping up The Pace of Business Development to Become the Market's Game Changer

The environments surrounding the domestic and foreign game software markets are changing dramatically. Especially remarkable are the changing game content markets for social networking services and smartphones. It is important for us to not only continue to address increasingly diverse customer needs and provide services through which customers can experience special sensations and have different experiences, but it is also essential to establish an optimal business structure to address environmental changes and to speed up managerial decision making.

Given such recognition of the current issues, we established SEGA Networks, Ltd. (“SEGA Networks”), on July 2, 2012. This company was established to reinforce the earning capabilities of our network business, by exploiting the power of the brand name and the development capabilities and know-how that the SEGA Corporation has built up over the years towards the market for contents and services targeted at smart devices such as smart phones and table PCs. SEGA Networks pays careful attention to the change of trend tackles challenges aggressively and, through games, aims to become a “GAME CHANGER” that can change the “game content” itself, the game industry and even the trends of society. In this way, we would like to make the SEGA brand one of the nation's top three network game publishers, thereby maximizing our business earnings in the growing network market. Moreover, in the digital business of the entire Group including the SEGA Networks, Ltd. at the center, as well as Sammy NetWorks Co., Ltd. and the overseas subsidiaries of SEGA Corporation, we aim to achieve operating income of ¥10 billion in two years to become one of the top three network game sales company in the global market of the industry.

Company name	SEGA Networks, Ltd.
Location of the Head Office	Higashi-Shinagawa, Shinagawa-ku, Tokyo
Capital	¥10 million
Number of employees	211
Major businesses	Planning, development, design, sales, distribution and management of products and services using the Internet and other communication methods



KEY PERSON

Haruki Satomi, Representative Director, President and CEO, SEGA Networks, Ltd.

This is Haruki Satomi, the Representative Director, President and CEO of SEGA Networks, Ltd. The Company was established on July 2, 2012, to develop the network business of SEGA SAMMY Group globally. I would like to take advantage of this opportunity to greet our shareholders. Thank you for your continued support. Today's network business is growing fast and market competition is intensifying. In this environment, SEGA Networks aims to establish a leadership presence in the market quickly through fully utilizing our outstanding development capability, through speedy management and through responding to changes quickly. At SEGA Networks, together with Sammy NetWorks Co., Ltd., for which I concurrently serve as Representative Director and President, we intend to develop our network business into a new business pillar of the Group. Please look forward to the services of our company.



Exhibited at the Nikkei IR Fair 2012 STOCKWORLD.

The Group exhibited at the Nikkei IR Fair 2012 STOCKWORLD, an IR event for individual investors that was held on August 31 and September 1, 2012 at Tokyo Big Sight for the first time.

We held mini-presentation meetings to explain the outline and growth strategies of the SEGA SAMMY Group so that the individual investors who came by our booth could deepen their understanding of the Group.

The event became a valuable occasion for the Group to exchange views with more than 1,000 individual investors. We intend to increase such occasions to keep in touch with our investors.



Event Information

Date and time	9:30 — 17:30 on August 31 (Friday) and September 1 (Saturday), 2012
Place	Tokyo Big Sight East Exhibition Hall 1
Number visitors	August 31, 2012 : 7,640 September 1, 2012 : 6,555

*The materials used for the aforementioned presentation are available by accessing the "IR Library" under "Investor Relations" on the Company's Web site.

CSR Column, Vol. 3 Initiative of Delivering Smiles to Children



"Let's join hands with a smile!" through the support events aimed at reconstruction of the areas affected by the Great East Japan Earthquake.

For two days, on October 13 and 14, 2012, the "SEGA SAMMY Group Disaster Assistance Volunteers" participated in and supported the "Let's Hold on (*Ganbappe*) Higashi Matsushima Children's Autumn



Festival 2012," which was held in Higashi Matsushima in the Miyagi Prefecture, to pose a start on unified efforts of locals, especially children, in reconstruction of the area. A bigger-than-expected crowd of around 8,000 people attended the event, which was held at the Higashi Matsushima Community Plaza. Looking ahead, we intend to deliver dreams and emotions to the people in the affected areas through the support activities unique to our company with our employee volunteers.

KEY PERSON

Naomi Koyama, Deputy Manager, Board of Education, Higashi Matsushima

One year and a half has passed since the Great East Japan Earthquake. Recently, we have seen the beginnings of reconstruction in Higashi Matsushima. The warm encouragement of people nationwide and the smiles of the children have supported our daily lives filled with setbacks and conflicts. We all wish to see the children smile more and more. When local residents planned the Autumn Festival 2012 with such shared hope, we received a lot of support from SEGA SAMMY Group employees, and the event was a success, and we could see many smiling faces inside the meeting room. Although the path to construction is still long and difficult, we intend to move ahead with the conviction that the fulfillment of true reconstruction would return the favor of the people who supported us. We are grateful for your support activities.



Delivering Smiles to Children of the World through Picture Books

Since 2009, the Group has participated in the "Campaign to Deliver Books" sponsored by the Shanti Volunteer Association. In fiscal year ending March 31, 2012, the fourth year of our participation, we prepared 110 picture books using funds acquired from selling consignment items from the employees of 20 Group companies and donations collected through automatic vending machines installed at the offices of SEGA SAMMY HOLDINGS INC., and Sammy Corporation.

We will continue to deliver smiles to the children living in refugee camps in Cambodia, Afghanistan, Laos and Myanmar by sending picture books on which stickers in the local language are pasted.



Latest News Update All kinds of new products and titles will be coming in the second half!

NEW SAMMY PACHINKO

Everything is new, and everything is fun. New challenges have kicked off with “Pachinko CR Shin-Juoh.”

Sammy corporation. has addressed a new challenge to provide the kind of pachinko entertainment that will make everyone from beginners to experts say “It’s simply fun.” For starters, we launched the sale of a new model of pachinko machines, “Pachinko CR Shin-Juoh” in October 2012.

Every detail of the new model machine has been redesigned to maximize the fun of playing pachinko. When the familiar beast king characters turn into “Shin-Ju”, or divine beasts, the game’s effects intensifies. Vivid lighting effects that became available with the new machine frame TEN-SEI, high-definition graphics to dramatically express the world of the beast kings, various entertaining effects and the appearance of six gimmicks are combined to boost the amusement of pachinko playing. The new frame uses twice as many full-color LED lights as the old frame, enlarging the light-emitting area and the playing board field together to enable the distinctive light performance of the TEN-SEI frame. In addition, the directionality of sound has been improved substantially to produce a clearer sound. Despite the gorgeous lighting performance, the machine is designed to operate at a lower power consumption rate.

In addition to the upgraded performance, the new machine is equipped with a higher level of specifications for the beast king battles, achieving a considerable advancement from the predecessor “Pachinko CR Juoh.”



©Sammy

Ever-evolving online role-playing game (RPG) “Phantasy Star Online 2” The number of registered IDs exceeds one million.

Launched on July 4, 2012, the number of registered IDs for the online RPG “Phantasy Star Online 2” (hereinafter “PSO2”) Windows PC version exceeded one million as of October 1, 2012.

Subsequently, we launched the first service of a large-scale updated on October 10, 2012, and a medium-scale updated on November 7, 2012. We also carried out a campaign in October and November 2012 to celebrate exceeding one million ID registrations. These efforts are among many fresh attractions to further expand the number of players of “Phantasy Star Online 2.”

Looking forward, we will continue to offer the Windows PC version as a flagship service, and we also plan to launch the smartphone version in the winter of 2012 and the PlayStation® Vita version in the spring of 2013. We aim to provide new styles of online game experience, such as the sharing of game playing data between the three platforms.



© SEGA

KEY PERSON

A comment from **Kazuhiro Sumitani**, Executive Officer of Sammy corporation.

“Pachinko CR Shin-Juoh”, the first model of the New Sammy Pachinko series, has attracted much attention as the machine was created by the all-out efforts of our development team to offer the industry’s top-class specifications and entertaining performance. Starting with this model, we adopted the new machine frame TEN-SEI, which is designed to bring out the best in LCD performance. With the tag line “Everything is new, and everything is fun,” Sammy corporation. will continue to release innovative pachinko machine models that will provide every player with a stress-free amusement experience and encourage repeated playing. Please look forward to the new line of Sammy pachinko machines, which will enliven the future of pachinko entertainment.



KEY PERSON

A comment from **Satoshi Sakai**, Planning Section I, Online Research and Development Department, No. 3 R&D Division, SEGA Corporation

The service of PSO2, a full-scale online role- playing game, was launched in July 2012. Since then, we have periodically updated and improved the service, for which the number of ID registrations exceeded one million in October 2012, generating steady revenue. Subsequent to the Windows PC version, we are going to introduce the smartphone and PlayStation® Vita versions, which in turn offers a playing environment that can be shared with social network game and home video game players. This will further expand the base of online RPG players. Celebrating its 25th anniversary, the “Phantasy Star” series will continue to meet your expectations.



*PlayStation” is a registered trademark of Sony Computer Entertainment Inc.



Group Information

Overview of Consolidated Balance Sheets (Unit: Amounts less than JPY 0.1 billion are rounded down)

Factors Affecting Assets

Total assets were JPY 448.3 billion, down JPY 49.1 billion from the previous fiscal year-end.

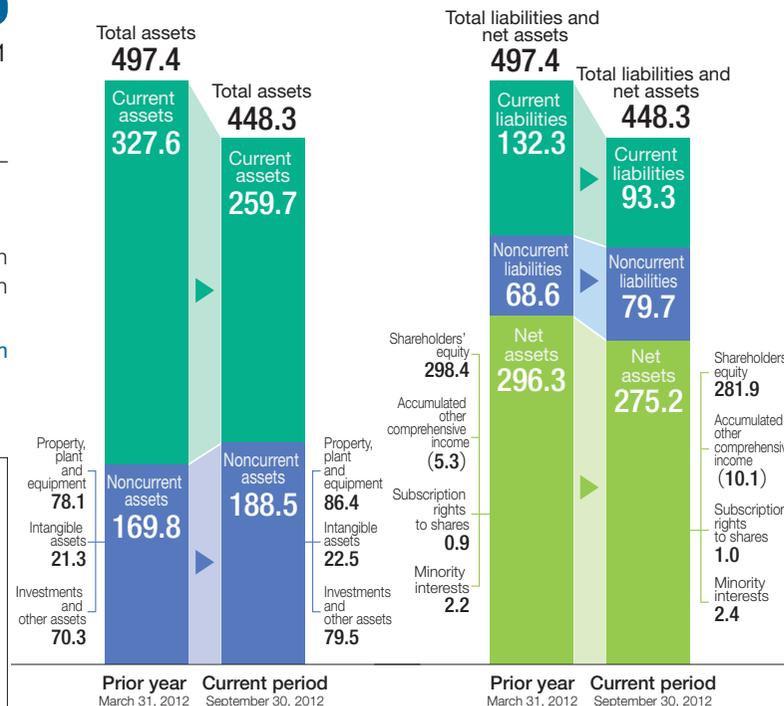
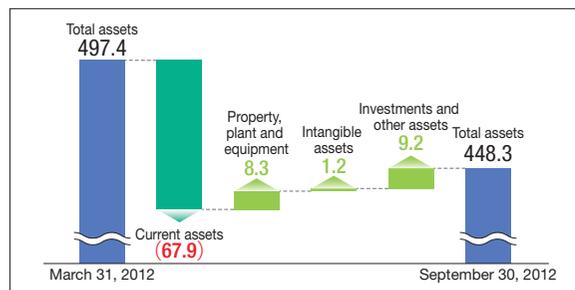
● **Current assets decreased by JPY 67.9 billion.**

Factors ▶ Decrease in notes and accounts receivable-trade and other factors.

● **Noncurrent assets increased by JPY 18.7 billion.**

Factors ▶ Increases from investment in the construction of a new plant of Sammy Corporation and in Paradise Sega Sammy.

● **Current ratio improved by 30.8 percentage points from the previous fiscal year-end to a high level of 278.3%.**



Factors Affecting Liabilities and Net Assets

Total liabilities decreased by JPY 27.9 billion from the previous fiscal year-end.

● **Current liabilities decreased by JPY 39.0 billion.**

Factors ▶ Notes and accounts payable-trade decreased by JPY 31.2 billion.
▶ Income taxes payable decreased by JPY 2.9 billion.
▶ Provisions decreased by JPY 4.0 billion.

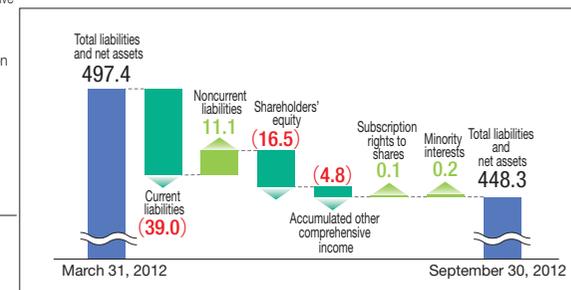
● **Noncurrent liabilities increased by JPY 11.1 billion.**

Factors ▶ Bonds payable increased by JPY 3.2 billion.
▶ Long-term loans payable increased by JPY 7.8 billion.

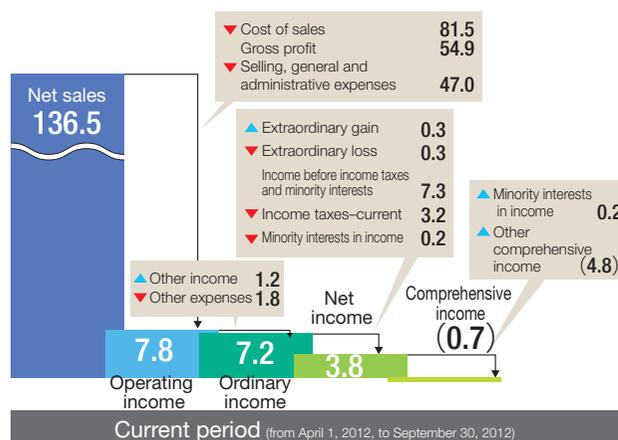
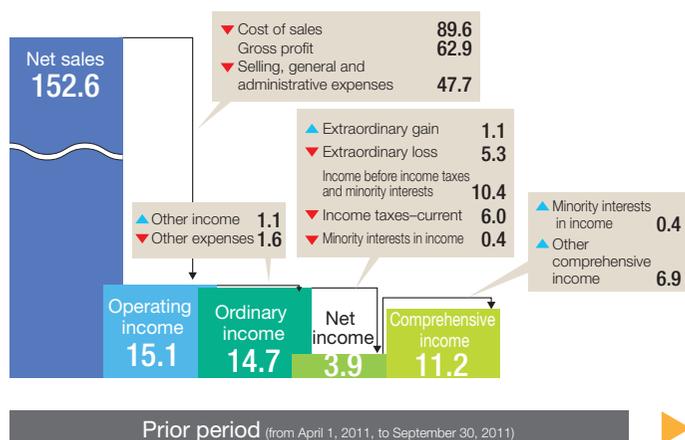
Total net assets decreased by JPY 21.1 billion from the previous fiscal year-end.

Factors ▶ Treasury stock increased by JPY 15.3 billion (an increase in allowance for shareholders' equity).
▶ The valuation difference on available-for-sale securities decreased by JPY 3.8 billion.

Equity ratio as of September 30, 2012 was 60.6%, up 1.7 percentage points from the previous fiscal year-end.



Overview of Consolidated Statements of Income and Comprehensive Income (Unit: Amounts less than JPY 0.1 billion are rounded down)



Net income

Net income for the first half of the fiscal year ending March 31, 2013 amounted to JPY 3.8 billion, a decrease of 2.7% from the same period of the previous fiscal year.

Company Profile (As of September 30, 2012)

Company Name	SEGA SAMMY HOLDINGS INC.	
URL	http://www.segasammy.co.jp/english/	
Established	October 1, 2004	
Capital	JPY 29.9 billion	
Number of Employees	6,751(Consolidated)	
Directors and Auditors	Hajime Satomi	Chairman of the Board and Chief Executive Officer
	Keishi Nakayama	Executive Vice President and Representative Director
	Naoya Tsurumi	Director
	Hisao Oguchi	Director and CCO (Chief Creative Officer)
	Haruki Satomi	Director
	Yuji Iwanaga	Director
	Takeshi Natsuno	Director
	Tomio Kazashi	Standing Corporate Auditor
	Toshio Hirakawa	Corporate Auditor
	Hisao Miyazaki	Corporate Auditor
	Mineo Enomoto	Corporate Auditor

Information on Outstanding Shares (As of September 30, 2012)

Number of shares authorized for issuance	800,000,000 shares
Total number of shares issued and outstanding	266,229,476 shares
Number of Shareholders	85,550 (Odd-lot shareholders: 60,640)

Principal Shareholders

Name of Shareholder	Shares Held	Shareholding Ratio (%)
Hajime Satomi	43,569,338	18.2
SEGA SAMMY HOLDINGS INC.	24,676,747	—
Mellon Bank N.A. Treaty Clients Omnibus	16,636,594	6.95
FSC Co., Ltd.	14,172,840	5.92
Japan Trustee Services Bank, Ltd. (Trustee)	9,072,700	3.79

Distribution of Shareholders



Shareholder Memo

Stock Code	6460
Round Unit	100 shares
Fiscal Year	From April 1 of every year to March 31 of the next year
Ordinary General Meeting of Shareholders	June
Date of Record for Dividends	March 31 (September 30 for interim periods, if paid) Advance public notice is given when required for other dividend payments.
Method of Public Notice	Electronic public notices
Notification of URL	http://www.segasammy.co.jp/japanese/etc/notice If due to unavoidable circumstances electronic notification is not possible, the Company shall post the notice in the "Nihon Keizai Shimbun."
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Administrative Office of Transfer Agent	Securities Agent Department, Mitsubishi UFJ Trust and Banking Corporation 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan Telephone : +81-3-5683-5111
Agencies	Mitsubishi UFJ Trust and Banking Corporation branches in Japan

The website of Mitsubishi UFJ Trust and Banking Corporation, the Company's transfer agent, provides information on share registration, purchase or additional purchase of shares in fractional lots and other stock-related procedures. If you use the storage transfer system for share certificates, etc., please contact the securities company that handles the transactions. (Mitsubishi UFJ Trust and Banking Corporation website)
<http://www.tr.mufg.jp/daikou/>

INFORMATION

Introducing "Investor Relations"

The Company strives to enrich its content and to promptly disperse information to shareholders and investors through the "Investor Relations" section on the Company's Web site. Please feel free to access this section and utilize the information inside.

SEGA SAMMY IR Search <http://www.segasammy.co.jp/english/ir/>

The Online Annual Report 2012,

which introduces our future growth strategies in detail through things such as an interview with the COO;



the Group CSR Report,

which explains the Group's views and initiatives on CSR;



A message to our shareholders and investors from Hajime Satomi, the Chairman of the Board and Chief Executive Officer of the Company can be viewed in this section.

Various information to allow for deepening in understanding of the SEGA SAMMY Group is introduced in the "To Our Individual Investors" section.



The description and strengths of our businesses, strategies and our view on returning profits to shareholders of the Group are explained in this section.

The latest IR materials can be downloaded by clicking here.

Editor's Note

As described above, the Company intends to conduct various activities to facilitate a better understanding of the Company by its shareholders and investors. The next Business Report will be released in the summer of 2013. We will continue to enhance the contents of our report based on your opinions expressed through the questionnaire.

2013 IR Calendar

Schedule of activities for shareholders and investors

- February ● Announcement of results for the nine months ending December 31, 2013
- May ● Announcement of results for the fiscal year ending March 31, 2013
- June ● Ordinary General Meeting of Shareholders

Release of the Business Report for the fiscal year ending March 31, 2013



Please contact the inquiry desk regarding any questions you may have in relation to stock information, Group information or other such matters.

SEGA SAMMY HOLDINGS INC. IR Information Center

Phone : +81-3-6215-9839

Hours of operation : Weekdays 9:00 - 18:00

Please be aware that the IR Information Center is closed on Saturdays, Sundays, national holidays and company holidays.

Please refer to Page 14 for the summarized results of the questionnaire.



SEGA SAMMY HOLDINGS INC.

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CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements in this document regarding the plans, estimates, beliefs, management strategies, perceptions, and other aspects of SEGA SAMMY HOLDINGS INC. ("the Company") and its SEGA SAMMY Group Companies ("the Group"), including SEGA CORPORATION and Sammy Corporation, are forward-looking statements based on the information currently available to the Company. Forward-looking statements include, but are not limited to, those statements using words such as "believe," "expect," "plans," "strategy," "prospects," "forecast," "estimate," "project," "anticipate," "aim," "may," and "might," and words of similar meaning in connection with a discussion of future operations, financial performance, events, or conditions. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. These statements are based on management's assumptions and beliefs in light of the information currently available to management. The Company cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not assume that the Company has any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. The Company disclaims any such obligation. Actual results may vary significantly from the Company's forecasts due to various factors. Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as currency exchange rate fluctuations, changes in laws and government systems, pressure from competitors' pricing and product strategies, declines in the marketability of the Group's existing and new products, disruptions to production, violations of the Group's intellectual property rights, rapid advances in technology, and unfavorable verdicts in major litigation.