

Major Questions Concerning Actual Results for Year Ended March 2013
and Forecast for Year Ending March 2014

July 9, 2013

SEGA SAMMY HOLDINGS INC.

Actual Results for the Year Ended March 2013

■General Matters

Q: What factors led to the decrease in sales and income compared to the previous fiscal year (year ended March 2012)?

A: Sales and income decreased mainly due to the decrease in number of unit sales of pachinko machines impacted by the market environment, as well as the revision of sales period for some pachislot machines, and sales and income of the Pachislot and Pachinko Machines Business fell below the previous fiscal year.

Q: What factors led to a significant decrease in the advertising expense compared to the previous fiscal year?

A: Advertising expense decreased compared to the previous fiscal year due to revising the sales schedule for some titles in the Pachislot and Pachinko Machines Business and the Consumer Business.

Q: What factors led to the increase in net income?

A: Net income increased due to a decrease in total amount of corporate tax and other taxes resulting from the recording of deferred tax assets for the portion anticipated to be resolved going forward against the loss incurred in accordance with the completion of liquidation of some consolidated subsidiaries in the U.S., and due to a recording of extraordinary income for the gains resulting from returning the substitutional portion of the welfare pension fund of some consolidated subsidiaries.

■Pachislot and Pachinko Machines Business

Q: What factors led to the decrease in sales and income compared to the previous fiscal year (year ended March 2012)?

A: Sales and income decreased mainly due to the decrease in number of unit sales of pachinko machines impacted by the market environment, as well as the revision of sales period for some pachislot machines including mainstay titles, "Pachislot Hokuto No Ken Chapter of Resurrection," sales and income of the Pachislot and Pachinko Machines Business fell below the previous fiscal year.

■Amusement Machine Sales Business

Q: What factors led to the decrease in sales and income compared to the fiscal year (year ended March 2012)?

A: Sales and income decreased compared to the previous fiscal year due to the lack of sales of new major

titles due to the development cycle.

■Amusement Center Operations Business

Q: What factors led to the decrease in sales and increase in income compared to the previous fiscal year (year ended March 2012)?

A: Sales decreased due to the reduction in the number of amusement centers and SEGA domestic same-store sales falling below the previous fiscal year but income increased due to the change of accounting policies.

■Consumer Business

Q: What factors led to the decrease in sales but decrease in operating loss compared to the previous fiscal year (year ended March 2012)?

A: Sales decreased due to the reduction in the number of titles in the packaged game software field, but we decreased the operating loss as the repeat sales of titles released in the past and the sales of mainstay titles being strong, and solid service of major titles in the digital game field in addition to saving operating expenses through structural reform in Europe and the U.S. announced at the end of the previous fiscal year.

Q: What were the major actual results in the digital game field?

A: The service of the mainstay title of this period “Phantasy Star Online 2” continued to be strong, and in addition to having the new title “Dragon Coins” for smartphones surpassing 500,000 downloads, the “Kingdom Conquest” series continued to be strong surpassing cumulative downloads of 3.3 million worldwide.

■Other Business

Q: What is the progress of the resort complex development in Incheon?

A: We are currently preparing for the opening in 2016. In addition, it has been decided that a joint venture PARADISE SEGASAMMY will succeed the operation of Paradise Casino Incheon, which is a casino adjacent to Incheon International Airport currently operated by the Paradise Group.

Q: What are the overview and purpose of the resort complex development in Busan?

A: The Group aims to enter into the resort complex and casino business based on its wide-ranging knowledge and abundant experience in entertainment. The purpose of this project is to accumulate further know-how on the development and operation of resort complexes, following the making of Phoenix Resort K.K., the operator of one of Japan’s most prominent resort facilities “Phoenix Seagaia Resort,” a subsidiary, and the joint development of a resort complex with the Paradise Group at International Business Center owned by the Incheon International Airport Corporation.

■**General Matters**

Q: What factors led to the forecast of increases in sales and income compared to the previous fiscal year (year ended March 2013)?

A: Increases in sales and income are projected mainly due to an increase in pachislot and pachinko unit sales in the Pachislot and Pachinko Machines Business and the Group expecting to return the Consumer Business to profitability as a result of the earnings contribution of the digital field.

Q: What factors led to the forecast of increase in R&D expense compared to the previous fiscal year (year ended March 2013)?

A: Increase in R&D expense is projected in the Pachislot and Pachinko Machines Business due to focus on increase of market share in the medium-term.

Q: What factors led to the forecast of increase of depreciation compared to the previous fiscal year (year ended March 2013)?

A: Increase of depreciation is projected mainly due to the commencement of operation of the new plant for the Pachislot and Pachinko Machines Business and the increase in the digital game titles in the Consumer Business.

Q: What factors led to the increase in the advertising expense compared to the previous fiscal year (year ended March 2013)?

A: Increase in advertising expense is projected due to forecast of increase in the number of mainstay titles mainly in the Pachislot and Pachinko Machines Business and the Consumer Business.

■**Pachislot and Pachinko Machines Business**

Q: What factors led to the forecast of significant increases in sales and income compared to the previous fiscal year (year ended March 2013)?

A: As for the Pachislot Machine Business, we are planning to increase the number of mainstay titles and number of unit sales, including the release of “Pachislot Hokuto No Ken Chapter of Resurrection,” of which the sales period was planned for in the previous fiscal year. In addition, we plan to increase the number of unit sales by focusing sales on titles with good results for the Pachinko Machine Business. Therefore, increases in sales and income are projected.

■**Amusement Machine Sales Business**

Q: What factors led to the forecast of increases in sales and income compared to the previous fiscal year (year ended March 2013)?

A: Increases in sales and income are projected due to release of mainstay titles, such as the new title “CODE OF JOKER” utilizing the revenue sharing model and the new medal game title “Hokuto no Ken BATTLE MEDAL,” compared to the previous fiscal year where there were no sales of major new

titles that have high income margin due to our product development cycle.

■Amusement Center Operations Business

Q: What factors led to the forecast of a decrease in income despite an increase in sales compared to the previous fiscal year (year ended March 2013)?

A: Increase in sales is projected due to expansion of earnings from same store sales by improving opening of new stores in existing facilities and actively developing into new fields in addition to the opening of an entertainment park under a partnership between Sega Corporation and BBC Worldwide Limited, but decrease in income is projected due to the backlash impact, etc. of previous fiscal year's change of accounting policies concerning depreciation.

■Consumer Business

Q: What factors led to the forecast of an increase in sales and improvement in operating income (return to profitability) compared to the previous fiscal year (year ended March 2013)?

A: Increase in sales and a return to profitability is projected due to expansion of earnings through diversification of existing strong IP titles in the packaged games field, and aiming to expand the earnings of digital games field, which is represented by PC online game "Phantasy Star Online 2."

Q: What is the progress of games for smartphones and SNS?

A: With the spin-off of SEGA Networks conducted in July 2012, we seek to maximize earnings through such means as speeding up decision-making in the digital game field, making the transition from the conventional "development-based" to "operation-based" structure and promptly responding to customer needs. For the fiscal year ending March 2014, it is off to a good start such as "Puyopuyo!! Quest," which launched service for iOS in April and launched service for Android in June, surpassing 2 million downloads in a short period.

■ Other Business

Q: What is the impact of acquisition of Paradise Casino Incheon by PARADISE SEGASAMMY on operating results?

A: The acquisition will have minimal impact on the operating results. In addition, PARADISE SEGASAMMY is an affiliated company of SEGA SAMMY HOLDINGS accounted for by the equity method.

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*The contents in this material are the judgment and projections of the Company's management based on currently available information. These contents involve risks and uncertainties, and the actual results may differ materially from these contents/comments.