

Major Questions Concerning Actual Results for Third Quarter
and Full Year Forecast of Year Ending March 2012

February 17, 2012
SEGA SAMMY HOLDINGS INC.

Actual Results for the Third Quarter of the Year Ending March 2012

■ **General Matters**

Q: What factors led to the increases in sales and operating income compared to the same quarter of the previous fiscal year (third quarter of year ended March 2011)?

A: Net sales and operating income increased compared to the same quarter of the previous year since the Pachislot and Pachinko Machines Business were strong, due to growth in pachinko machine sales volume and the hit of the pachislot mainstay title “Pachislot Hokuto no Ken.”

Q: What factors led to the significant increase in the capital expenditure compared to the same quarter of the previous fiscal year (third quarter of year ended March 2011)?

A: The significant increase in capital expenditure is due to the start of the construction of a new plant and new distribution center of Sammy Corporation. Investment for the construction of the new plant and new distribution center amounts of 16.2 billion yen, of which approximately 6 billion yen is projected for this quarter.

■ **Pachislot and Pachinko Machines Business**

Q: What factors led to the increases in sales and income compared to the same quarter of the previous fiscal year (third quarter of year ended March 2011)?

A: Net sales and operating income increased compared to the same period of previous year mainly due to the growth in pachinko machine sale volume and the strong sales of the pachislot mainstay title “Pachislot Hokuto no Ken.”

■ **Amusement Machine Sales Business**

Q: What factors led to the decreases in sales and income compared to the same quarter of the previous fiscal year (third quarter of year ended March 2011)?

A: While the sales of mainstay title “StarHorse3 Season I A NEW LEGEND BEGINS.” was strong, the net sales and operating income decreased compared to the same period of previous year due to the decrease in the number of CVT kit titles, which have a high income margin, decreased, as well as temporary increase in material cost due to a change of circuit boards for some titles.

■ Amusement Center Operations Business

Q: What factors led to the increase in income despite sales decreasing compared to the same quarter of the previous fiscal year (third quarter of the year ended March 2011)?

A: Net sales decreased in accordance with the reduction of the number of centers.

However, operating income increased compared to the same period of previous year due to efforts to improved management capabilities, etc.

■ Consumer Business

Q: What factors led to the decrease in sales and the losses compared to the same quarter of the previous fiscal year (third quarter of the year ended March 2011)?

A: Net sales and operating income decreased compared to the same period of previous year mainly due to the slow sales of game titles overseas (operating loss).

Q: What were the main actual results in fields of social games, etc.?

A: We released the Android version of “Kingdom Conquest.” Surpassing 2 million downloads worldwide on a cumulative basis including conventional iOS as of the end of December.

Full Year Forecast of Year Ending March 2012

■ General Matters

Q: Is there any impact from the flooding in Thailand?

A: Regarding the Pachislot and Pachinko Machines Business, concerns over procurement of particular pachislot materials emerged and alternative materials were used, and we re-applied for licenses and permission. As a result, the release schedules for some titles have been revised.

■ Pachislot and Pachinko Machines Business

Q: What are the major titles to be sold in the fourth quarter?

A: For Pachislot Machines Business, we plan to sell the Rodeo brand “Monster Hunter.”

For Pachinko Machines Business, we will sell the Sammy brand “Pachinko CR Nogaremono Orin2” and “Pachinko CR Momotaro Dentetsu.”

■ Amusement Machine Sales Business

Q: What are the major titles to be sold in the fourth quarter?

A: We plan to continue sales (shipment) of “StarHorse3 Season I A NEW LEGEND BEGINS.,” the mainstay title for the fiscal year introduced in the third quarter, and continue to project the distribution of earnings due to utilization of the revenue sharing model.

■ Amusement Center Operations Business

Q: What is the current net sales situation of existing SEGA domestic amusement centers?

A: On a cumulative basis for the third quarter, net sales were 100.5% compared to the same period of the previous year, which was a solid transition compared to the forecast. We will aim to accomplish 100% in the full year and continue to strive for recovery of net sales by strengthening operation at each amusement center and maximizing the effects of installation of mainstay titles.

Q: What factors led to the forecast of posting operating losses?

A: Although we have accomplished strong actual sales results from Sega’s domestic amusement centers up to the third quarter, we expect that there will be operating losses due to an increase in projected depreciation expenses compared to last year in accordance with the introduction of major titles this fiscal year, etc.

■ Consumer Business

Q: What specific measures will be taken given the current earnings performance?

A: Although specific measures are yet to be decided, we are considering measures to improve and strengthen the revenue base for the Consumer Business, centering on sales of game titles overseas.

Q: What are the major titles to be sold in the fourth quarter?

A: We plan to introduce “Mario & Sonic at the London Olympic Games™” for 3DS and “Binary Domain”

Q: What are the future initiatives for smartphones and SNS?

A: We plan to deliver titles such as “SANGOKUSHI CONQUEST” for iOS, “KINGDOM CONQUEST HEAVEN” for Mobage and “Ryu ga Gotoku Kizuna” for GREE in the fourth quarter.

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