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FOR IMMEDIATE RELEASE

**SEGA Expands the Distribution of its Products
in Greater China**

SEGA Enters into an Exclusive Distribution Agreement Granting AtGames Exclusive Rights to Distribute a Wide Range of Packaged SEGA Game Software Products, OEM Products and Downloads of SEGA Game Software Products in Greater China

(TOKYO – January 5, 2004) – SEGA® Corporation today announced that it entered into an Exclusive Distribution Agreement with AtGames® Holdings Ltd. Under the Exclusive Distribution Agreement, SEGA has granted AtGames the exclusive right to distribute a broad range of packaged SEGA game software products, OEM products and downloads of SEGA game software products in mainland China, Taiwan and Hong Kong (a.k.a. Greater China). This Exclusive Distribution Agreement further establishes SEGA’s commitment to expand the distribution of SEGA game products throughout Greater China across a wide range of distribution channels. “We are excited about this opportunity to establish SEGA’s brand in the highly competitive market of Greater China and look forward to being able to reach a whole new audience through the efforts of AtGames,” said Hisao Oguchi, President and COO of SEGA. “We expect that, with both companies working

closely together, we will be successful in capitalizing on the phenomenal growth in the Greater China game markets and in launching innovative interactive products from Greater China for sale throughout the world,” added Dr. Ping-Kang Hsiung, founder and CEO of AtGames.

Under the Exclusive Distribution Agreement, AtGames will have the exclusive right to distribute in Greater China a wide range of packaged SEGA game software products for play on certain past, current and future video game platforms. These platforms include, among others, the Sony PlayStation 2, Microsoft Xbox, Nintendo GameCube, personal computer, Nintendo GameBoy DS and Sony PlayStation Portable. SEGA has also granted AtGames the exclusive right to sell in Greater China a wide range of SEGA game software products via downloading for play on certain past, current and future video game platforms, including mobile phones and PDAs.

SEGA has also granted AtGames the exclusive right to sell SEGA software products for SEGA’s proprietary platforms (e.g., SEGA Master System, SEGA Game Gear, SEGA Genesis (MegaDrive) System, SEGA Saturn System, SEGA 32X, SEGA CD and SEGA Dreamcast System) bundled together with an emulator for these SEGA proprietary platforms to original equipment manufacturers, chip makers and other product manufacturers in Greater China. In turn, these original equipment manufacturers, chip makers and other product manufacturers will incorporate these bundles into products for sale throughout the world.

About SEGA

SEGA® Corporation is a worldwide leader in interactive entertainment both inside and outside the home, encompassing consumer business, amusement machine sales and amusement center operations. The company develops, publishes and distributes interactive entertainment software products for a variety of hardware platforms including PC, wireless devices, and those manufactured by Nintendo, Microsoft and Sony Computer Entertainment Inc. SEGA® Corporation’s Web site is located at <http://sega.jp>.

About AtGames

AtGames® Holdings, Ltd. develops innovative interactive entertainment products for worldwide distribution. Founded in 2001 by veterans in digital media and information technology industries, AtGames® has distribution channels in the United States, Japan, Greater China, and the rest of Asia as well as in Latin America. AtGames® maintains product development facilities at various locations. AtGames® Holdings Ltd’s website is www.atgames.net.

NOTE: The company names and product names are the registered trademark of each respective company.