SEGA SAMMY GROUP

Translation

November 9, 2007

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.

Name of Representative: Hajime Satomi,
Chairman, President and Representative Director

(Code No. 6460, Tokyo Stock Exchange 1st Section)

Further Inquiry: Takatoshi Akiba
Executive Officer
(TEL: 03-6215-9955)

Notice of Adjustment to Interim and Full Year Forecasts for the Period Ending March 2008

The interim forecasts for the year ending March 2008 (April 4, 2007~March 31, 2008) as announced on October 5, 2007, and the full year forecasts for the year ending March 2008 (April 4, 2007~March 31, 2008) as announced on May 11, 2007 have been amended as follows.

1．Interim Forecast (Consolidated) (April 1, 2007～September 30, 2007)

(Units: Yen Millions, %)	Net Sales	Operating Income	Ordinary Income	Net Income
Prior Forecast (A)	230,000	(7,000)	(6,500)	(21,500)
Interim Results (B)	231,053	(4,384)	(3,929)	(20,266)
Change (B−A)	1,053	2,615	2,570	1,233
Percentage Change	+0.5%	—	—	—
(Reference) Results of prior comparable period	283,551	62,931	66,029	37,997

＜Reasons for Adjustment＞

Compared to the interim forecast for the March 2008 fiscal year (April 1, 2007~March 31, 2008) as announced on October 5, 2007, net sales were about 1.0 billion Yen above forecast. Additionally, the size of the operating loss was 2.6 billion Yen less than expected, and the size of the ordinary loss 2.5 billion Yen less than expected. This was mainly a result of less research and development costs being recognized in the period then previously expected.

2．Full Year Forecast (Consolidated) (April 1, 2007~March 31, 2008)

(Units: Yen Millions, %)	Net Sales	Operating Income	Ordinary Income	Net Income
Prior Forecast (A)	670,000	70,000	67,000	35,000
Revised Forecast (B)	540,000	20,000	20,000	1,000
Change (B−A)	(130,000)	(50,000)	(47,000)	(34,000)
Percentage Change	(19.4%)	(71.4%)	(70.1%)	(97.1%)
(Reference) Results of prior comparable period	528,238	76,530	81,287	43,456

＜Reasons for Adjustment＞

After reviewing the number of titles and units the company intends to sell, in consideration of first half results and the current approval situation of main titles, the forecast number of unit shipments in pachislot has been reduced from an initial forecast of 661 thousand to 520 thousand units. Additionally, in the pachinko business, main titles developed under the system introduced in the second half of the last fiscal year are expected to slip into the following fiscal year, and therefore expectations for pachinko unit sales have been revised from 387 thousand units to 180 thousand units. With both pachinko and pachislot machines expected to ship a lower number of units than originally forecast, the segment as a whole is expected to experience lower net sales and profits than initially forecast.

In the amusement machines segment, certain main titles forecast for sale in the second half are now expected to be introduced in the following fiscal year, and therefore sales and profits are expected to under perform plans.

In the amusement facilities segment, with same store sales struggling and the kids card business not meeting expectations, an operating loss must be forecast. Additionally, it has been decided to close or sell close to 100 of the poorest performing facilities, and an impact from associated losses has been incorporated into the revised forecasts.

In the consumer business, while it is hoped that the overseas sales will remain firm, domestic units are not expected to meet plans, and therefore an operating loss is expected to be recorded for the segment overall.

As a result of the above, in comparison with initial forecasts, net sales are expected to fall 130.0 billion Yen below initial plans to 540.0 billion Yen, operating income to fall 50.0 billion Yen below initial plans to 20.0 billion Yen, ordinary income to fall 47.0 billion Yen below initial plans to 20.0 billion Yen, and net income to fall 34.0 billion Yen below initial plans to 1.0 billion Yen.

There has been no change made to the initially forecast year end dividend of 30 Yen.

３. Issues which management is focused on resolving

Issues which the company is aware of and focused on resolving are listed as follows.

■Strengthening the Pachinko Business

The group aims to further strengthen the new development process begun in the second half of the last fiscal year in order to guarantee the creation of hit products and realize greater share. Concretely, at the same time as the company institutes a stringent quality check process incorporating external assessments at each important milestone in the development process, various strategies such as using outside development agencies are being promoted.

■Revitalizing Profits in the Amusement Facilities Business

At SEGA, based on a review of each facility's future potential and economic feasibility, it has been decided to either close or sell close to 100 of the poorest performing facilities. Going forward, with a focus on optimizing the portfolio of facilities, there will be a thorough scrap and build process, and stores will only be opened under a very clear new set of guidelines. Additionally, we look to introduce further additional measures and policies as we continue to work on strengthening revenues through enhancing management ability.

■Enhancing the Domestic Portion of the Consumer Business

The lineup strategy will be reviewed with the aim to clearly identify the most important titles, and most efficiently allocate development resources and marketing budgets. Additionally, with a strategic mix of internally and externally developed titles, the group will strive to best utilize internal resources and control development costs.

(Note) The above forecasts of operating results are made based on the assumptions, prospects and plans for the future available as of the date hereof and involve risks and uncertainties. The actual results may differ from the forecasted figures due to various material factors.

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