(Translation)

February 12, 2015

Dear Sirs,

Name of Company:	SEGA SAMMY HOLDINGS INC.
Name of Representative:	Hajime Satomi Chairman, President and Representative Director (CEO)

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

Further Inquiry:	Seiichiro Kikuchi Executive Officer Division Manager, Group Executive Office (TEL: 03-6215-9955)

Notice of Adjustment of Full-Year Consolidated Operating Results Forecast in Line with Implementation of the Group Structure Reform

SEGA SAMMY HOLDINGS INC. (the “Company”), hereby notifies of related expenses and such expected to arise from the structure reform activities that have been decided to date. The Company has decided to adjust its full-year consolidated operating results forecast for the year ending March 31, 2015, announced on October 31, 2014.

Description

1. Implementation of Group Structure Reform

The Company established the Group Structure Reform Division on May 9, 2014, and has held discussions to review the earnings structure of the entire Group from a mid to long-term point of view. The Group announced on October 31 three initiatives: 1) restructuring into three business groups, 2) initiatives to drastically improve profitability, and 3) appointment of personnel in charge of structure reform in SEGA, and has developed a structure to enable investment of management resources in growth areas, which include new fields such as Digital Games both in and out of Japan and Resort Business, while addressing issues in existing businesses.

Furthermore, in order to further promote investment of management resources in future growth areas, the following measures will be implemented. Measures include those that have already been implemented or that are currently being implemented.

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2. Details of Measures for Structure Reform in Group’s subsidiaries

   a. Enhancing business efficiency

   In addition to implementation of the structure reform in SEGA Corporation which has already been announced, after reviewing business structures in the Group’s subsidiaries, withdrawal or consolidation and downsizing of some businesses centering on unprofitable/less profitable businesses such as toy sales, computer graphics film production, etc. will be implemented.

   b. Soliciting voluntary retirement etc.

Voluntary retirement will be solicited in the aforementioned businesses to be withdrawn or consolidated and downsized, while at the same time number of fixed-term employees in the aforementioned business will be streamlined. In addition, personnel will be repositioned in growth areas of Group to improve the business efficiency of the Group.

3. Future outlook

The number solicited for voluntary retirement and such for the entire Group announced as of today is scheduled to be around 300 regular employees. Structure reform-related expenses are expected to arise from posting the early extra retirement payments for those mentioned above and from expenditure associated with cancellation of projects in line with business withdrawal or consolidation and downsizing. The expenses are currently being assessed and are scheduled to be posted in the year ending March 31, 2015. Assuming that the number of voluntary retirement will be in line with the planned, approximately 2.8 billion yen is expected to be reduced in annual labor costs for the entire Group compared to the forecast for the current fiscal year.

4. Adjustment to the forecast of full-year consolidated operating results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015).

(Unit: million yen unless otherwise indicated)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previously publicized forecast (A) (announced on October 31, 2014)	370,000	18,000	17,000	4,000	16.40
Adjusted forecast (B)	352,500	16,000	15,000	(13,000)	(53.25)
Amount of increase or decrease (B-A)	(17,500)	(2,000)	(2,000)	(17,000)	
Rate of increase or decrease (%)	(4.7)	(11.1)	(11.7)	-	
(For reference) Operating results for the previous year (from April 1, 2013 to March 31, 2014)	378,011	38,533	40,531	30,721	126.42

[Reasons for the adjustment]

In the Pachislot and Pachinko Machines Business, pachislot unit sales are expected to underperform the adjusted forecast announced on October 31, 2014, and we revise the annual unit sales projection for the period under review from 222,000 units to 207,000 units. As for pachinko machines, although sales of mainstay titles such as the “CR Hokuto No Ken 6 series” released in the third quarter of the current fiscal year remained strong, annual unit sales are projected to decrease from 267,000 units to 242,000 units. Meanwhile, as a result of saving selling, general and administrative expenses etc., profit is expected to perform as the previous forecast.

For other segments, profit in the Amusement Machine Sales Business surpassed the previously announced forecast due to decrease in R&D expense, etc., and the Amusement Center Operations Business is expected to perform as the previously announced forecast. The Consumer Business, on the other hand, is expected to see both sales and profit fall below the previously announced forecast due to sluggish business in the Packaged Games and the Digital Games such as release of new titles is strategically slipped in the next fiscal year, timing of posting the license income of overseas online game moves to the next fiscal year, and pachinko and pachislot games for mobile phones and PCs don’t performed well.

Furthermore, a total of 15 billion yen of extraordinary loss for the full year is expected to arise from expenses related to the structure reform described in 1 and 2 above as well as other reasons. As a result of considering the future performance outlook and estimates for taxable income as well as carefully examining the recouping capability of deferred tax assets, combined with the aforementioned expected extraordinary loss, the total amounts of corporate income tax, etc. are expected to increase due to the expected partial reduction of deferred tax assets.

As a result of the above, consolidated net sales of 352,500 million yen (down 17,500 million yen from the previously publicized forecast), operating income of 16,000 million yen (down 2,000 million yen from the previously publicized forecast), ordinary income of 15,000 million yen (down 2,000 million yen from the previously publicized forecast) and net loss of 13,000 million yen (down 17,000 million yen from the previously publicized forecast) are projected for the year ending March 31, 2015.

Meanwhile, there are no changes to the forecast of dividends of 20 yen for year-end dividends, 40 yen annually.

5. Future management policies

As one measure to restructure into three business groups we have already announced, we have announced today the implementation of organizational restructuring within the Group as of April 1, 2015 centering on the group subsidiaries which are classified in the Entertainment Content Business. By aiming to turn around the business of group and unfailingly implementing these measures, which are the first step to realize the business recovery of the Group while at the same time, we continue to strive to further consider and implement measures in order to improve profitability.

(Note) The above forecasts of operating results are made based on information available to management as of the date hereof. In the future, actual results may differ from the projected figures owing to various factors.

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