

(Translation)

March 9, 2005

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: Koichi Fukazawa,
Executive Officer
(TEL: 03-6215-9955)

Notice of Change of Subsidiary (Acquisition)

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company") and SEGA CORPORATION, a subsidiary of the Company, at the meetings of their respective Boards of Directors held on March 8, 2005, resolved that SEGA EUROPE LTD., a company of Sega Sammy Group, should acquire all of the issued shares of The Creative Assembly Ltd. to make it its subsidiary, as described below:

Description

1. Reason for the acquisition of the shares:

The markets of the consumer business, which Sega Sammy Group regards as one of its core businesses, have expanded rapidly in North America and Europe, while the Japanese market has seen sluggish growth. Hence, for our business development in the future, the North American and European markets have been growing in importance. Under these circumstances, Sega Sammy Group is promoting the concentration of its management resources on growth areas in its consumer business, relocation of its development resources for better productivity and unification of its development and marketing strategies.

The Creative Assembly Ltd. has produced good results and has an established brand identity with the "Total War" PC series, whose titles have sold over a million throughout North America and Europe. By acquiring the shares of The Creative Assembly Ltd., Sega Sammy Group will be able to obtain competitive titles and a strong brand in the North American and European markets, in addition to expand product lines and increase sales volumes dramatically.

Furthermore, we believe that we will be able to make good use of the development engines produced by The Creative Assembly Ltd. to expand future titles, as well as developing new ventures for next-generation platforms with the team.

2. Outline of the prospective subsidiary:

- (1) Trade name: The Creative Assembly Limited
- (2) Representative: Tim Ansell
- (3) Location: Southwater Business Park, Worthing RD.
Southwater, West Sussex RH13 9JB, UK
- (4) Establishment: 28 August, 1997
- (5) Content of business: Development of consumer software
- (6) Accounting date: November 30 of each year
- (7) Employees: 77
- (8) Capital: £100
- (9) Total number of issued shares: 100 shares of £1
- (10) Principal shareholder and shareholding ratio:
- | | | |
|--------------|-----------|------|
| Tim Ansell | 85 shares | 85 % |
| Mike Simpson | 15 shares | 15 % |
- (11) Operating results for the most recent business years:

	Year ended November 30, 2003	Year ended November 30, 2004
Net sales	¥790 million	¥920 million
Operating income	¥72 million	¥103 million

* Net sales and operating income represent those as a development studio only.

(12) Sales of titles developed by The Creative Assembly Limited:

Number of titles sold:	Year ended November 30, 2003		Year ended November 30, 2004	
	Europe:	640,000	Europe:	770,000
USA:	250,000	USA:	330,000	
Total	890,000	Total	1,100,000	

3. Transferor of the shares:

Tim Ansell: 85 shares
Mike Simpson: 15 shares

4. Number of shares to be acquired, acquisition price and the numbers of shares held before and after the acquisition:

- | | | |
|--|------------|--------------------------------------|
| 1) Number of shares held before the acquisition: | 0 share | (Shareholding ratio: 0%) |
| 2) Number of shares to be acquired: | 100 shares | (Acquisition prices: US\$30 million) |
| 3) Number of shares held after the acquisition: | 100 shares | (Shareholding ratio: 100%) |

5. Schedule:

March 8, 2005	Resolution of the Board of Directors
March 9, 2005	Conclusion of a contract for the transfer of the shares (expected)
March 9, 2005	Date of delivery of share certificates (expected)

6. Future outlook:

The acquisition of the shares will have no significant effect on the consolidated business results for the year ending March 31, 2005.

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