

(Translation)

November 10, 2004

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 Adjustment to the Forecasts of Operating Results
of the Company's Subsidiary (SEGA CORPORATION)

Notice is hereby given that the forecasts of operating results of SEGA CORPORATION ("Sega"), a subsidiary of SEGA SAMMY HOLDINGS INC. (the "Company"), for the year ending March 31, 2005 (from April 1, 2004 to March 31, 2005), as publicized on May 18, 2004, are adjusted as described below:

Description

1. Adjustment to the forecast of operating results for the interim period of the year ending March 31, 2005 (from April 1, 2004 to September 30, 2004):

- (1) Consolidated operating results:

(million yen)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	88,000	1,200	200
Adjusted forecast (B)	93,000	5,500	1,000
Amount of increase (decrease) (B-A)	5,000	4,300	800
Rate of increase (decrease)	5.7%	358.3%	400.0%
Operating results for the previous interim period (from April 1, 2003 to September 30, 2003)	93,474	6,164	5,932

(2) Non-consolidated operating results:

(million yen)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	48,000	3,000	4,000
Adjusted forecast (B)	50,800	2,400	160
Amount of increase (decrease) (B-A)	2,800	(600)	(3,840)
Rate of increase (decrease)	5.8%	(20.0)%	(96.0)%
Operating results for the previous interim period (from April 1, 2003 to September 30, 2003)	47,832	3,615	5,673

2. Adjustment to the forecast of operating results for the whole-year period of the year ending March 31, 2005 (from April 1, 2004 to March 31, 2005):

(1) Consolidated operating results:

No adjustment is made to the consolidated operating results for the whole-year period of the year ending March 31, 2005.

(2) Non-consolidated operating results:

(million yen)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	104,000	9,500	11,500
Adjusted forecast (B)	104,000	5,000	4,500
Amount of increase (decrease) (B-A)	0	(4,500)	(7,000)
Rate of increase (decrease)	0.0%	(-) 47.3%	(-) 60.8%
Operating results for the previous year (from April 1, 2003 to March 31, 2004)	97,268	6,998	9,655

3. Reasons for the adjustment:

The adjustment to the forecast of consolidated operating results for the interim period of the year ending March 31, 2005 (from April 1, 2004 to September 30, 2004) arises from an expected substantial increase over the initial plan in sales of the number of titles launched overseas prior to the previous fiscal year in the consumer business and a strong sale of cards of *the King of Beetle "MUSHIKING"* in the amusement center operation business. Profits are also expected to exceed the initial plan in all business segments, principally due to strong sales of

prizes in the amusement machine sales business, *the King of Beetle "MUSHIKING"* in the amusement center operation business and profit caused by the strong sale of titles launched overseas prior to the previous business year in the consumer business.

With regard to the forecast of non-consolidated operating results for the interim period of the year ending March 31, 2005 (from April 1, 2004 to September 30, 2004), net sales are expected to increase due to the same reasons for the adjustment to the forecast of consolidated results for the interim period. However, during the interim period, Sega merged its software development subsidiary and recognized work in progress for the subsidiary in a lump sum as an expense. Additionally, Sega reported a loss from early redemption of convertible bonds, a revaluation loss of fixed assets and a decrease in corporate income taxes from its subsidiaries subject to consolidated taxation. Consequently, profits are expected to be lower than the initial plan.

With regard to the forecast of non-consolidated operating results for the whole-year period of the year ending March 31, 2005 (from April 1, 2004 to March 31, 2005), adjustment is made due to a cost increase as a result of the consolidation of seven software development subsidiaries, payment of management service fees to SEGA SAMMY HOLDINGS INC., which was incorporated as of October 1, 2004, and the reassessment of corporate income taxes as a result of an end to consolidated taxation, in addition to the reasons for the adjustment to the forecast of non-consolidated operating results for the interim period mentioned above.

[Notice of the forecasts of operating results]

The projected figures in the above forecasts of operating results are calculated based on the information available to management as of the date of publication hereof. The actual results may differ from the forecasts described above for a variety of factors in the future.

- END -