(Translation)

January 28, 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 Merger of Subsidiaries (Amusement Center Operations Business) in Connection with Restructuring of Operations of Sega Sammy Group by Business Category

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company"), at the meeting of its Board of Directors held on January 28, 2005, adopted a resolution for the merger of SEGA CORPORTION, which is a 100% subsidiary of the Company, SEGA AMUSEMENT LTD. and Sammy Amusement Service Co., Ltd., both of which are 100% subsidiaries of SEGA CORPORATION, as of April 1, 2005, as described below:

Description

1.   Purpose of the merger:

SEGA AMUSEMENT LTD. has operated 463 amusement facilities (as of September 30, 2004), such as "SEGA WORLD" and "CLUB SEGA".   Sammy Amusement Service Co., Ltd. has operated five amusement facilities (as of September 30, 2004), such as "SAMMY'S REGNO" and "SAMMY'S STREET".

The merger is intended to integrate the functions related to amusement center operations business dispersed within the Group and concentrate such functions in SEGA CORPORATION to make the Group's management more efficient and rational.   Furthermore, SEGA CORPORATION will strengthen cooperation between its amusement machine sales business and its amusement operations business to bring about an synergy effect in the development of new products and otherwise.

2.   Summary of the merger:

(1)   Schedule of the merger:

Meetings of the boards of
    directors for approval of
    merger agreement: January 28, 2005 (the Company, SEGA, SA
    and SAS)

Signing of merger agreement: January 28, 2005 (SEGA, SA and SAS)

Date of merger: April 1, 2005

* SA = SEGA AMUSEMENT LTD.
* SAS = Sammy Amusement Service Co., Ltd.

(2)   Method of the merger:

A merger method, by which SEGA CORPORATION shall be a surviving company and
SEGA AMUSEMENT LTD. and Sammy Amusement Service Co., Ltd. shall be
dissolved.

3.   Parties to the merger in outline (as of September 30, 2004):

Trade name	SEGA CORPORATION	SEGA AMUSEMENT LTD.	Sammy Amusement Service Co., Ltd.
Contents of business	Development, manufacture and sale of amusement machines, operation of amusement centers, and development, manufacture and sale of consumer equipment	Operation of amusement centers, and franchise business	Rental of amusement machines and operation and support of amusement centers
Date of Incorporation	June 3, 1960	November 26, 1971	July 6, 1998
Location of head office	2-12, Haneda 1-chome, Ohta-ku, Tokyo	37-1, Kamata 5-chome, Ohta-ku, Tokyo	23-13, Higashi Ikebukuro 3-chome, Toshima-ku, Tokyo
Representative	Hisao Oguchi, President and Representative Director	Yasuo Tafuku, President and Representative Director	Yoshiharu Suzuki, President and Representative Director
Capital	¥127,582 million	¥1,000 million	¥450 million
Total assets	¥140,079 million	¥45,739 million	¥4,232 million
Date of closing of accounts	March 31 of each year	March 31 of each year	March 31 of each year
Employees	1,674 persons	894 persons	103 persons

Principal shareholder and shareholding ratio (as of December 1, 2004)	SEGA SAMMY HOLDINGS INC.: 100%	SEGA CORPORATION: 100%	SEGA CORPORATION: 100%

4.   Status after the merger:

  (1) Trade name   SEGA CORPORATION

  (2) Contents of business   Development, manufacture and sale of amusement machines, operation of amusement centers, and development, manufacture and sale of consumer equipment

  (3) Location of head office   2-12, Haneda 1-chome, Ohta-ku, Tokyo

  (4) Representative   Hisao Oguchi, President and Representative Director

  (5) Capital   ¥127,582 million

  (6) Date of closing of accounts   March 31 of each year

5.   Future outlook:

The merger will have no significant effect on business results of the Company on consolidated and non-consolidated bases.

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