

(Translation)

January 31, 2008

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

Notice of Adjustment to the Forecasts of Whole-Year Operating Results
(Consolidated/Non-Consolidated) and Dividends for the Year
Ending March 31, 2008 of the Company's Subsidiary (SEGATOYS CO., LTD.)

Notice is hereby given that SEGATOYS CO., LTD., a subsidiary of SEGA SAMMY HOLDINGS INC. (the "Company"), has made adjustment to the forecasts of its whole-year operating results (consolidated/non-consolidated) and dividends for the year ending March 31, 2008 (from April 1, 2007 to March 31, 2008) publicized on October 31, 2007, as described in the attachment hereto.

The Company is closely examining any possible effect thereof on the whole-year consolidated operating results of the Company for the year ending March 31, 2008 at present. In the event that any adjustment is to be made to the forecasts thereof, it will be publicized promptly.

<<Attached material: Press release of SEGATOYS CO., LTD.

"Notice of Adjustment to the Forecasts of Whole-Year Operating Results
(Consolidated/Non-Consolidated) and Dividends for the Year Ending
March 31, 2008">>

- END -



(Translation)

January 31, 2008

Dear Sirs,

Name of Company: SEGATOYS CO., LTD.
Name of Representative: Isao Kokubun,
President and Representative Director
(JASDAQ, Code No. 7842)
Further Inquiry: Yoshiharu Yamashige,
Director and General Manager,
Financing & Accounting Dept.
(TEL: 03-5822-6244)

Notice of Adjustment to the Forecasts of Whole-Year Operating Results
(Consolidated/Non-Consolidated) and Dividends for the Year Ending March 31, 2008

With regard to the forecast of whole-year operating results for the year ending March 31, 2008 (from April 1, 2007 to March 31, 2008), notice is hereby given that SEGATOYS CO., LTD. (the "Company") has made adjustment to the figures publicized in its "Brief Statements of Interim Accounts for the Year Ending March 31, 2008" and its "Notice of Adjustment to the Forecast of Whole-Year Operating Results (Consolidated/Non-Consolidated) for the Year Ending March 31, 2008" on October 31, 2007, as described below.

In addition, with regard to the forecast of year-end dividends for the year ending March 31, 2008, notice is hereby given that the Company has made adjustment to the details publicized in its "Brief Statements of Accounts for the Year Ended March 31, 2007" on April 27, 2007 and its "Brief Statements of Interim Accounts for the Year Ending March 31, 2008" on October 31, 2007, as described below:

Description

- I. Adjustment to the forecast of the whole-year operating results (consolidated/non-consolidated)
 1. Adjustment to the forecast of the whole-year consolidated operating results for the year ending March 31, 2008 (from April 1, 2007 to March 31, 2008):

(1) Forecast of consolidated operating results:

(million yen)

	Net Sales	Operating income	Ordinary Income	Net Income
Previous forecast (A)	17,500	302	300	116
Adjusted forecast (B)	16,500	(-) 696	(-) 700	(-) 754
Amount of increase or decrease (B-A)	(-) 1,000	(-) 998	(-) 1,000	(-) 870
Rate of increase or decrease	(-) 5.7%	-	-	-
(For reference) Operating results for the previous year (from April 1, 2006 to March 31, 2007)	15,206	333	284	114

(2) Reasons for the adjustment:

With regard to net sales, the Company conducted aggressive sales promotional activities by launching new products during the most important year-end and new-year selling season. However, in Japan, sales of intellectual training toys and boys' character toys stagnated and are expected to substantially fall below the previous forecast. In addition, sales of big-ticket items for adults, including "Grand Pianist", for which the Company is making active market cultivation with the aim of rapid growth to set off a slump in sales of toys in general, are not expected to reach the initially projected amount. Consequently, domestic sales are expected to decrease ¥1,935 million from the previous forecast, amounting to ¥10,507 million. Overseas, on the other hand, sales of "idog" series and "BAKUGAN" series, which have respectively grown much more strongly than projected, are expected to increase ¥934 million from the previous forecast, amounting to ¥5,992 million. As a result, consolidated net sales for the whole fiscal year under review are expected to decrease ¥1,000 million from the previous forecast, amounting to ¥16,500 million.

With regard to the whole-year profits, domestic sales carrying higher margins substantially fell below the projection and decreased gross margins. In addition, the Company disposed of the stock of character toys intensively due to anemic sales. Consequently, the Company is expected to report an operating loss of ¥696 million (a decrease of ¥998 million from the previous forecast), an ordinary loss of ¥700 million (a decrease of ¥1,000 million from the previous forecast) and a net loss of ¥754 million (a decrease of ¥870 million from the previous forecast), respectively.

2. Adjustment to the forecast of the whole-year non-consolidated operating results for the year ending March 31, 2008 (from April 1, 2007 to March 31, 2008):

(1) Forecast of non-consolidated operating results:

(million yen)

	Net Sales	Operating income	Ordinary Income	Net Income
Previous forecast (A)	15,000	193	200	96
Adjusted forecast (B)	13,800	(-) 733	(-) 730	(-) 763
Amount of increase or decrease (B-A)	(-) 1,200	(-) 926	(-) 930	(-) 859
Rate of increase or decrease	(-) 8%	-	-	-
(For reference) Operating results for the previous year (from April 1, 2006 to March 31, 2007)	15,143	356	306	121

(2) Reasons for the adjustment:

With regard to net sales, the Company conducted aggressive sales promotional activities by launching new products during the most important year-end and new-year selling season. However, in Japan, sales of intellectual training toys and boys' character toys stagnated and are expected to substantially fall below the previous forecast. In addition, sales of big-ticket items for adults, including "Grand Pianist", for which the Company is making active market cultivation with the aim of rapid growth to set off a slump in sales of toys in general, are not expected to reach the initially projected amount. Consequently, domestic sales are expected to decrease ¥2,216 million from the previous forecast, amounting to ¥8,362 million. Overseas, on the other hand, sales of "idog" series and "BAKUGAN" series, which have respectively grown much more strongly than projected, are expected to increase ¥1,016 million from the previous forecast, amounting to ¥5,437 million. As a result, non-consolidated net sales for the whole fiscal year under review are expected to decrease ¥1,200 million from the previous forecast, amounting to ¥13,800 million.

With regard to the whole-year profits, domestic sales carrying higher margins substantially fell below the projection and decreased gross margins. In addition, the Company disposed of the stock of character toys intensively due to anemic sales. Consequently, the Company is expected to report an operating loss of ¥733 million (a decrease of ¥926 million from the previous forecast), an ordinary loss of ¥730 million (a decrease of ¥930 million from the previous forecast) and a net loss of ¥763 million (a decrease of ¥859 million from the previous forecast), respectively.

II. Adjustment to the forecast of year-end dividends for the year ending March 31, 2008

1. Adjustment to the forecast of year-end dividends per share for the year ending March 31, 2008 (from April 1, 2007 to March 31, 2008):

	Interim dividend	Year-end dividend	Annual dividend
Previous forecast (A) (publicized on April 27, 2007)	-	¥5	¥5
Adjusted forecast (B)	-	¥0	¥0
(For reference) Results for the previous year (from April 1, 2006 to March 31, 2007)	-	¥5	¥5

2. Reason for the adjustment

As described in the adjustment to the forecast of the whole-year consolidated operating results for the year ending March 31, 2008 and the adjustment to the forecast of the whole-year non-consolidated operating results for the year ending March 31, 2008 publicized herein, the forecast of net income is adjusted from ¥116 million to (-) ¥754 million. Consequently, taking into consideration its financial position, the Company has determined to pay no year-end dividends, regrettably.

The Company will make concerted efforts to swiftly establish a management structure that may allow it to pay dividends on a constant basis. Management sincerely hopes that our shareholders will understand and accept our determination.

* The above forecasts of operating results are made based on the information available to management as of the date hereof. Actual results may differ from the projected figures due to a variety of factors in the future.

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