

October 16, 2003
 SEGA CORPORATION
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Notice of the Revision of the Business Results Forecast

SEGA CORPORATION revised its business performance forecast for the six months ended September 30, 2003 and the year ending March 31, 2004 announced in May 19, 2003. Details are as follows;

1. Revision of the Consolidated Business Performance Forecast

1) Revision of the results forecast for the six months ended September 30, 2003

(millions of yen)

	Net Sales	Recurring Profit	Net Income
Previous Forecast (A)	88,000	1,200	200
Revised Forecast (B)	94,200	5,700	5,700
Increase (B)-(A)	6,200	4,500	5,500
Rate of Change (%)	7.0%	375.0%	2750.0%
Results for the previous term	95,144	4,019	1,014

2) Revision of the results for the year ending March 31, 2004

(millions of yen)

	Net Sales	Recurring Profit	Net Income
Previous Forecast (A)	193,000	10,500	7,500
Revised Forecast (B)	195,700	11,500	8,000
Increase (B)-(A)	2,700	1,000	500
Rate of Change (%)	1.4%	9.5%	6.7%
Results for the previous year	197,223	7,783	3,054

2. Revision of the Non-consolidated Business Performance Forecast

1) Revision of the results forecast for the six months ended September 30, 2003

(millions of yen)

	Net Sales	Recurring Profit	Net Income
Previous Forecast (A)	43,000	250	1,400
Revised Forecast (B)	47,800	3,700	5,100
Increase (decrease) (B)-(A)	4,800	3,450	3,700
Rate of Change (%)	11.2%	1380.0%	264.0%
Results for the previous term	49,071	2,384	1,504

2) Revision of the results for the year ending March 31, 2004

(millions of yen)

	Net Sales	Recurring Profit	Net Income (loss)
Previous Forecast (A)	86,000	250	2,450
Revised Forecast (B)	95,800	4,700	6,100
Increase (B)-(A)	9,800	4,450	3,650
Rate of Change (%)	11.4%	1780.0%	149.0%
Results for the previous year	100,042	1,944	(2,536)

3. Reasons for the Revision of the Consolidated Business Performance Forecast

<For the first half of the year>

The Company expects net sales and operating income in amusement machine sales and consumer business to exceed its projections announced in May 19, 2003. This is primarily due to strong sales of new products such as *The Key of Avaron*, and *Dragon Treasure*, and its regular products including *UFO Catcher 7*, *Star Horse 2002*, *Bingo Party Splash*, and *Oinori Daimyojin 2*.

In Consumer business, favorable sales of *Let's make J-League Professional Soccer Club! 3*, and *Initial D Special Stage*, which were released in Japan are expected to contribute to the results. In North America and Europe, the Company received favorable repeat orders for entertainment titles including *Sonic Adventure DX* for GameCube and *Virtua Fighter 4 Evolution* for Sony PlayStation 2. In addition to the sales increases, a part of profit to be accounted during the second half of the year was forwarded to the first half of the year. Thus

the profit is forecasted to exceed the initial target.

In Amusement Center Operations, the Company forecasts that operating income will amount the same level as projection, though net sales is expected slightly lower than projection.

<For the year>

Following the favorable results forecast for the first half of the year, the Company expects net sales, recurring profit and net income for the current fiscal year to exceed the initial target announced in May 19, 2003.

4. Reasons for the Revision of the Non-consolidated Business Performance Forecast

Non-consolidated results consist of amusement machine sales and consumer business in Japan. Due to the reasons described above, the Company revised its forecast.

End