(Translation)

October 2, 2009

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: Koichiro Ueda,
General Manager of Group
Communications Office
(TEL: 03-6215-9955)

Notice of Adjustment to the Forecasts of Operating Results
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") made an announcement on adjustment to the forecasts of its first half operating results for the year ending March 31, 2010 (from April 1, 2009 to March 31, 2010) publicized on April 28, 2009 as described in the attachment hereto.

The adjustment will have no significant effect on the operating results of the Company. However, the company is currently examining its business forecast and will announce the new business forecast as soon as it is changed.

<<Attached material: Press release of SEGATOYS CO., LTD.
"Notice of Adjustment to the Forecasts of Operating Results
and Recording of Extraordinary Loss">>

- END -

(Translation)

October 2, 2009

Dear Sirs,

Name of Company:	SEGATOYS CO., LTD.
Name of Representative:	Isao Kokubun, President and Representative Director (JASDAQ, Code No. 7842)
Further Inquiry:	Akira Sugano, Senior Managing Director, Corporate Department (TEL: 03-5822-6244)

Notice of Adjustment to the Forecasts of Operating Results and Recording of Extraordinary Loss

Notice is hereby given that SEGA TOYS CO., LTD. (the "Company"), in consideration of the recent development of its business performance, has made an announcement on adjustment to the forecasts of its first half operating results for the year ending March 31, 2010 (from April 1, 2009 to September 30, 2009) publicized on April 28, 2009 and also made an announcement on recording of extraordinary loss as described below.

Description

1. Adjustment to the forecast of the consolidated first half operating results for the year ending March 31, 2010 (from April 1, 2009 to September 30, 2009):

(million yen except otherwise indicated)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previously publicized forecast (A)	9,000	20	5	(31)	(1.45)
Adjusted forecast (B)	8,500	(260)	(270)	(820)	(38.08)
Amount of increase or decrease (B-A)	(-)500	(-)280	(-)275	(-)789	—
Rate of increase or decrease (%)	(-)5.6%	—	—	—	—
(For reference) First Half Operating results for the previous year (from April 1, 2008 to September 30, 2008)	8,465	8	(13)	(16)	(0.77)

2. Adjustment to the forecast of the non-consolidated first half operating results for the year

ending March 31, 2010 (from April 1, 2009 to September 30, 2009):

(million yen except otherwise indicated)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previously publicized forecast (A)	8,086	45	32	(-3)	(0.15)
Adjusted forecast (B)	8,000	(65)	(80)	(970)	(45.04)
Amount of increase or decrease (B-A)	(-)86	(-)110	(-)112	(-)967	—
Rate of increase or decrease (%)	(-)1.1%	—	—	—	—
(For reference) First Half Operating results for the previous year (from April 1, 2008 to September 30, 2008)	7,547	12	12	9	0.45

3. Reason for the adjustment

(1) Reason for the adjustment to the forecast of consolidated operating results:

In the six months through the second quarter of the year ending March 2010, overseas sales are faring well, but domestic sales of existent toys such as the Beena series are expected to result in sharply lower performance than that of the previous year and sales of the Yume Pet series and “Jewelpet” related products are expected to fall short of initial forecasts, although the company is striving to newly cultivate the family market by introducing new products such as “Uchiage Hanabi” and “Yumeneko Venus.”

As for profit, we are implementing measures such as enhancing operational efficiency through organizational reforms and a review of functional subsidiaries, as well as strengthening in-house management systems, but we have determined that they are not enough to offset the decline in profit stemming from lower sales.

Furthermore, the consolidated subsidiary TAIYO Co., Ltd. saw a decline in sales of its mainstay radio controlled toys, and both profit and sales are expected to be significantly lower than initial projections. Based on TAIYO’s unfavorable business conditions, we expect to book 160 million yen in losses on the valuation of inventories, 84 million yen in the amortization of goodwill, and 24 million yen in losses on the impairment of fixed assets as extraordinary losses.

Due to the reversal of deferred tax assets, we also expect to book 123 million yen in income tax adjustments.

As a result of the above, we forecast sales of 8,500 million yen (down 500 million yen from the previously announced forecast), operating losses of 260 million yen (down 280 million yen from the previously announced forecast), ordinary losses of 270 million yen (down 275 million yen from the previously announced forecast) and net losses of 820 million yen (down 789 million yen from the previously announced forecast) for the six months through the end of the second quarter.

(2) Reason for the adjustment to the forecast of non-consolidated operating results:

As for non-consolidated performance, with the same reason of adjustment to the forecast of consolidated operating results mentioned above, we project sales of 8,000 million yen (down 86 million yen from the previously announced forecast), operating losses of 65 million yen (down 110 million yen from the previously announced forecast) and ordinary losses of 80 million yen (down 112 million yen from the previously announced forecast). Furthermore, we expect to book 400 million yen in impairment losses of subsidiary stocks due to deteriorating earnings at the consolidated subsidiary TAIYO, as well as 280 million yen in allowance for loans to TAIYO. We also expect to book 123 million yen in income tax adjustments due to the reversal of deferred tax assets. As a result, we project net losses of 970 million yen (down 967 million yen from the previously announced forecast).

4. Recording of extraordinary loss

(1) Consolidated

Based on TAIYO's unfavorable business conditions, we expect to book 160 million yen in losses on the valuation of inventories, 84 million yen in the amortization of goodwill, and 24 million yen in losses on the impairment of fixed assets as extraordinary losses.

(2) Non-consolidated

We expect to book 400 million yen in impairment losses of subsidiary stocks due to deteriorating earnings at the consolidated subsidiary TAIYO, as well as 280 million yen in allowance for loans to TAIYO.

We will announce full-year projections and the year-end dividend forecast for the fiscal year ending March 2010 as soon as we determine such based on the third quarter, which is the biggest sales season for the toy industry, as well as a review of overseas sales trends.

This business forecast contains forward-looking statements based on assumptions, outlook and plans as of the date of announcement. Actual results may differ materially from our expectations due to risks and uncertainties regarding changes in economic conditions and market trends, etc.