

(Translation)

March 28, 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)

Discontinuance of Development of Entertainment Complex in
the Central Ward of "Minato Mirai 21" Development Zone

Notice is hereby given that SEGA SAMMY HOLDINGS INC. (the "Company") and its subsidiary SEGA CORPORATION (President, Representative Director, CEO and COO: Hajime Satomi, Head office: Ota-ku, Tokyo; hereinafter "SEGA"), at the meetings of their respective Boards of Directors held on March 28, 2008, determined to discontinue the development of an entertainment complex in the central ward of the "Minato Mirai 21" development zone, as described below:

Description

1. Reasons for the discontinuance of the development:

The SEGA SAMMY Group (the "Group") has been considering the development of a complex focused on entertainment in the central ward of the "Minato Mirai 21" development zone since 2005. However, in the midst of rapid changes in its business environment, the Group has arrived at a decision that it is essential to discontinue the development project and focus its efforts on its core business to improve its performance promptly. SEGA, which purchased Blocks Nos. 55, 56 and 57 of the central ward of the "Minato Mirai 21" development zone from Yokoyama City Land Development Corporation in February 2007 and is scheduled to purchase Block No. 58 toward the end of March this year, has determined to cease to purchase it in accordance with the decision.

We sincerely apologize for any great inconvenience this may cause to Yokohama City Land Development Corporation and all other related parties who have afforded cooperation as a result of the decision for the Group's own reasons. Simultaneously, we hereby pledge to act in good faith in the future.

2. Outline of the development of the entertainment complex to be discontinued:

Site area	28,000 m ² (41,000 m ² , including Block No. 58)	
Site purchase cost	¥22.6 billion (¥33.0 billion, including Block No. 58)	
Purpose of site purchase	Development of a complex focused on entertainment	
Schedule	February 20, 2007:	Conclusion of land purchase agreement for Blocks Nos. 55, 56 and 57
	Spring 2008:	Conclusion of land purchase agreement for Block No. 58 (planned)
	Fall 2008:	Groundbreaking (planned)
	Spring 2011:	Completion of construction and opening (planned)

3. Future outlook:

The Company is currently reexamining the operating results of the Company for the year ending March 31, 2008, including any possible effect thereon of the aforementioned decision. In the event that the result is obtained, it will be publicized promptly.

- END -