

May 8, 2003
SEGA CORPORATION
Hideki Sato, President
TSE Code: 7964
Inquire: Shoichi Yamazaki, Officer
Corporate Planning Division

Notice of the Withdrawal of Business Integration with Sammy Corp

We are pleased to inform you that at the meeting of the board of directors held in May 8, 2003, SEGA CORPORATION (SEGA) resolved the withdrawal of the memorandum of understanding (MOU) signed in February 13, 2003 with SAMMY CORPORATION (Sammy). Details are as follows:

1. The reason for withdrawal of the business integration with Sammy

SEGA and Sammy signed the MOU in February 13, 2003, for business integration. After that, we prepared for the business integration at the meeting of the business integration committee. However, in the process of the talk, we could not get convergence of business integration.

We struggled to adjust each difference, however we concluded to withdraw the business integration.

2. Outlook for the future

We will have strategic partnerships and co-operations with Sammy in business as ever.

End

(Notes)

1. The documents or digital files that you are going to access may contain information subject to the regulation concerning insider trading in Securities Transaction Regulation No. 166. If you trade equity-related securities, including derivative instruments, of the Company within 12 hours of the announcement (before May 9, 2003, 0:00 JST, GMT +9:00) of related information, you may violate the insider trading regulations.
2. Figures are based on accounting principle generally accepted in Japan.