

(Translation)

January 18, 2007

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.  
Name of Representative: Hajime Satomi,  
Chairman, President and Representative  
Director

(Code No. 6460, Tokyo Stock Exchange 1st Section)

Further Inquiry: Michael Masakimi Hotta,  
Executive Officer  
(TEL: 03-6215-9955)

Notice of Adjustment to the Forecasts of Operating Results  
(Consolidated/Non-Consolidated) and Dividends for the Year  
Ending March 31, 2007 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 adjusted the forecasts of its operating results (consolidated/non-consolidated) and dividends for the year ending March 31, 2007 (from April 1, 2006 to March 31, 2007) as described in the attachment hereto.

The adjustment will have no significant effect on the operating results of the Company and no adjustment will be made to the forecasts of the operating results of the Company.



(Translation)

January 18, 2007

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: 03-5822-6222)

Notice of Adjustment to the Forecasts of Operating Results  
(Consolidated/Non-Consolidated) and Dividends for the Year Ending March 31, 2007

Notice is hereby given that the forecasts of operating results of SEGATOYS CO., LTD. (the "Company") for the year ending March 31, 2007 (from April 1, 2006 to March 31, 2007), as given at the time of publication of its "Brief Statements of Accounts (Non-Consolidated) for the Year Ended March 31, 2006" on April 28, 2006, its "Notice of the Forecasts of Consolidated Operating Results for the Year Ending March 31, 2007" on July 25, 2006 and its "Brief Statements of Interim Accounts (Consolidated) for the Year Ending March 31, 2007" and "Summary of Non-Consolidated Interim Financial Statements for the Year Ending March 31, 2007" on October 31, 2006, are adjusted as described below:

Description

1. Adjustment to the forecast of operating results for the year ending March 31, 2007

(1) Adjustment to the forecast of consolidated operating results (from April 1, 2006 to March 31, 2007):

(million yen)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	17,080	1,400	840
Adjusted forecast (B)	14,680	300	160
Amount of increase or decrease (B-A)	(-) 2,400	(-) 1,100	(-) 680
Rate of increase or decrease	(-) 14.1%	(-) 78.6%	(-) 81.0%

(For reference) Operating results for the previous year (from April 1, 2005 to March 31, 2006)	-	-	-
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(2) Adjustment to the forecast of non-consolidated operating results (from April 1, 2006 to March 31, 2007):

(million yen)

	Net Sales	Ordinary Income	Net Income
Previous forecast (A)	17,000	1,400	840
Adjusted forecast (B)	14,600	300	160
Amount of increase or decrease (B-A)	(-) 2,400	(-) 1,100	(-) 680
Rate of increase or decrease	(-) 14.1%	(-) 78.6%	(-) 81.0%
(For reference) Operating results for the previous year (from April 1, 2005 to March 31, 2006)	14,400	1,019	637

## 2. Reasons for the adjustment:

Sales of "idog" and "Digi Makeover" increased favorably overseas and sales of home planetarium "Home Star" and "Anpanman" series increased strongly in Japan. However, during the Christmas sales campaign, the most significant in the toy industry, sales of NEW content business-related boys' character products and girls' character products fell below the projections. Consequently, net sales are expected to substantially fall below the previous forecasts.

With regard to profits, overseas sales with lower margins increased, while domestic sales with higher margins fell below the projections. Consequently, gross profit decreased. Additionally, the Company with domestic sales falling below expectations there was a buildup of inventory and therefore the cost of disposing of such inventory has increased. Consequently, both ordinary income and net income are expected to fall below the previous forecasts.

As a result, on a consolidated basis, net sales are expected to amount to ¥14,680 million, a decrease of ¥2,400 million from the previous forecast. Ordinary income and net income are expected to amount to ¥300 million, a decrease of ¥1,100 million from the previous forecast, and ¥160 million, a decrease of ¥680 million, respectively.

3. Adjustment to the forecast of year-end dividends per share for the year ending March 31, 2007 (from April 1, 2006 to March 31, 2007):

(yen)

	Interim dividend	Year-end dividend	Annual dividend
Previous forecast (A) (publicized on April 28, 2006)	0.00	8.00	8.00
Adjusted forecast (B)	0.00	5.00	5.00
Amount of increase or decrease (B-A)	-	(-) 3.00	(-) 3.00
Rate of increase or decrease	-	(-) 37.5%	(-) 37.5%
(For reference) Results for the previous year (from April 1, 2005 to March 31, 2006)	0.00	5.00	5.00

Taking into consideration the adjustment to the forecasts of the operating results, the projected amount of year-end dividends per share has been adjusted.

[Note on the forecasts of operating results, etc.]

The projected figures in the forecasts of operating results described herein are calculated based on the information available to management as of the date hereof and contain various uncertain factors. Actual results may differ from the projected figures for a variety of factors in the future.

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