

(Translation)

May 6, 2010

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 Whole-Year Operating Results for the  
Year Ended March 31, 2010 of the Company's Subsidiary (SEGA TOYS CO., LTD.)

Notice is hereby given that SEGA TOYS CO., LTD., a subsidiary of SEGA SAMMY HOLDINGS INC. (the "Company"), has made an announcement concerning adjustment to the forecasts of whole-year operating results for the year ended March 31, 2010 publicized on October 28, 2009 as described in the attachment hereto.

These events will have no significant effect on the Company's operating results and no adjustment will be made to the forecasts of the Company's operating results.

<<Attached material: Press release of SEGA TOYS CO., LTD.

“Notice of Adjustment to the Forecasts of Operating Results for the  
Year Ended March 31, 2010”>>

-END-

(Translation)

May 6, 2010

Dear Sirs,

Name of Company: SEGATOYS CO., LTD.

Name of Representative: Yoshiharu Suzuki,  
President and CEO

(JASDAQ, Code No. 7842)

Further Inquiry: Akira Sugano,  
Executive Vice President,  
Head of Corporate Department  
(TEL: 03-5822-6244)

Notice of Adjustment to the Forecasts of Operating Results for the Year Ended March 31, 2010

Notice is hereby given that SEGA TOYS CO., LTD. (the "Company"), in consideration of the recent development of its business performance, has made an adjustment to the forecasts of its whole-year consolidated/non-consolidated operating results for the year ended March 31, 2010 publicized on October 28, 2009 as described below.

Description

**1. Adjustment to the forecasts of operating results**

Adjustment to the forecast of whole-year consolidated operating results for the year ended March 31, 2010 (from April 1, 2009 to March 31, 2010):

(million yen except when otherwise indicated)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previously publicized forecast (A)	18,000	(180)	(200)	(1,500)	(69.65)
Adjusted forecast (B)	17,139	(395)	(412)	(1,666)	(77.40)
Amount of increase or decrease (B-A)	(861)	(215)	(212)	(166)	—
Rate of increase or decrease (%)	(4.8%)	—	—	—	—
(For reference) Operating results for the previous year (ended March 31, 2009)	18,947	(87)	(98)	(114)	(5.30)

Adjustment to the forecast of whole-year non-consolidated operating results for the year ended March 31, 2010 (from April 1, 2009 to March 31, 2010):

(million yen except when otherwise indicated)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previously publicized forecast (A)	17,000	20	10	(1,650)	(76.62)
Adjusted forecast (B)	16,355	(25)	(96)	(1,854)	(86.09)
Amount of increase or decrease (B-A)	(645)	(45)	(106)	(204)	—
Rate of increase or decrease (%)	(3.8%)	—	—	—	—
(For reference) Operating results for the previous year (ended March 31, 2009)	17,371	81	100	27	1.30

## 2. Reason for the adjustment

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

Concerning consolidated net sales, overseas sales are generally expected to remain on target due to strong sales of the “BAKUGAN” character toy for boys in the U.S. and European markets. As for domestic sales, we dissolved our consolidated subsidiary, Taiyo Co., Ltd. and closely reviewed operations and products that are expected to underperform in the future or are deemed to lack profitability, and thoroughly narrowed down operations and products in the fourth quarter. However, domestic sales were weak, due in part to a decrease in sales as a result of the narrowing down of products and the decline of the domestic market against the backdrop of a continued slump in consumer spending. The launch of new products such as “BAKUGAN 2” and “Zhu Zhu Pets,” which are strategic businesses of the Company for the year ending March 31, 2011, was moved forward to the fourth quarter, but was not enough to offset the decline in overall domestic sales. As a result, consolidated net sales are expected to fall short of the previously publicized forecast by ¥861 million.

As for profits, operating loss, ordinary loss and net loss are expected to expand compared to previously publicized forecasts. The Company strove to reduce selling, general and administrative expenses such as advertising costs and expenses in accordance with the review of the profitability of domestic operations, but the impact of the drop in sales was large and priority investments were made for advertising costs as the launch of “BAKUGAN 2” was moved forward.

As a result of the above, on a consolidated basis, the Company is expected to report net sales of ¥17,139 million (a decrease of ¥861 million from the previously publicized forecast), an operating loss of ¥395 million (an increase of ¥215 million from the previously publicized forecast), an ordinary loss of ¥412 million (an increase of ¥212 million from the previously publicized forecast) and a net loss of ¥1,666 million (an increase of ¥166 million from the previously publicized forecast), respectively.

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

As for non-consolidated operating results, overseas sales are generally expected to remain on target due to strong sales of the “BAKUGAN” character toy for boys in the U.S. and European markets. As for domestic sales, in the fourth quarter we closely reviewed operations and products that are expected to underperform in the future or are deemed to lack profitability, and thoroughly narrowed down operations and products to those expected to be profitable. However, domestic sales were weak, due in part to a decrease in sales as a result of the narrowing down of products and the decline of the domestic market against the backdrop of a continued slump in consumer spending. The launch of new products such as “BAKUGAN 2” and “Zhu Zhu Pets,” which are strategic businesses of the Company for the year ending March 31, 2011, was moved forward to the fourth quarter, but was not enough to offset the decline in overall domestic sales. As a result, non-consolidated net sales are

expected to fall short of the previously publicized forecast by ¥645 million.

As for profits, operating loss, ordinary loss and net loss are expected to expand compared to previously publicized forecasts despite efforts to reduce selling, general and administrative expenses such as advertising costs and expenses in accordance with the review of the profitability of domestic operations, as the impact of the drop in sales was large.

As a result of the above, on a non-consolidated basis, the Company is expected to report net sales of ¥16,355 million (a decrease of ¥645 million from the previously publicized forecast), an operating loss of ¥25 million (an increase of ¥45 million from the previously publicized forecast), an ordinary loss of ¥96 million (an increase of ¥106 million from the previously publicized forecast) and a net loss of ¥1,854 million (an increase of ¥204 million from the previously publicized forecast), respectively.

(3) Impact of “Notice of Inappropriate Transactions by Former Employee” publicized on April 15, 2010 on consolidated and non-consolidated operating results:

As indicated in the “Mid-Term Report on Investigation Concerning Inappropriate Transactions with Involvement by Former Employee” (Japanese) publicized on May 6, 2010, the effects of the incident on consolidated and non-consolidated operating results based on the mid-term report by an external investigation committee comprising attorneys and certified public accountants are as follows:

- The incident is expected to have no impact on operating results for the year ended March 31, 2009 and earlier.
- As for operating results for the year ended March 31, 2010, the Company plans to provide an annotation as contingent liability due to the possibility of payment in response to demands from civil procedures by parties that claim to have acquired fictitious accounts receivable (around 420 million yen) through the inappropriate transactions.
- As for operating results for the year ending March 31, 2011 and later, there is a possibility of changes if payment is made in response to demands from civil procedures by parties that claim to have acquired fictitious accounts receivable (around 420 million yen) through the inappropriate transactions.

The Company plans to continue to earnestly proceed with the investigation and will promptly announce the results of the final report as soon as they are determined.

- \* The above forecasts of operating results are made based on the information available to management as of the date hereof. Actual results may differ from the projected figures due to a variety of factors in the future.

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