**Global Investor and Issuer Services**
**Depositary Receipts**
October 5, 2004

**ATTENTION:** International Research, Sales, Trading and Operations Staff

# MERGER ANNOUNCEMENT

## SEGA CORPORATION

| | OLD | NEW |
|---|---|---|
| **Name:** | SEGA CORPORATION | SEGA SAMMY HOLDINGS INC. |
| **Symbol:** | SEGNY | SGAMY |
| **CUSIP Number:** | 815793104 | 815794102 |
| **Exchange:** | OTC | UNCHANGED |
| **Ratio:** | 4 ADSs: 1 ORDINARY SHARE | UNCHANGED |

## SAMMY CORPORATION

| | OLD | NEW |
|---|---|---|
| **Name:** | SAMMY CORPORATION | SEGA SAMMY HOLDINGS INC. |
| **Symbol:** | SMMYY | SGAMY |
| **CUSIP Number:** | 79587M106 | 815794102 |
| **Exchange:** | OTC | UNCHANGED |
| **Ratio:** | 2 ADSs: 1 ORDINARY SHARE | 4 ADSs: 1 ORDINARY SHARE |

SEGA CORPORATION ("SEGA") completed a merger with SAMMY CORPORATION ("SAMMY") to form a joint holding company named SEGA SAMMY HOLDINGS INC. ("SEGA SAMMY"). The merger was completed in the local market on October 1, 2004. As a result of the merger, shareholders of SEGA common shares will receive 0.28 SEGA SAMMY common shares for every one (1) SEGA common share held and shareholders of SAMMY common shares will receive one (1) SEGA SAMMY common share for every one (1) SAMMY common share held. The merger was effective in the U.S. on the opening of business on October 4, 2004.

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As a result of the merger, there will be a mandatory exchange of SEGA ADSs for SEGA SAMMY ADSs on the basis of 0.28 SEGA SAMMY ADS for every one (1) SEGA ADS that are presented for exchange and there will be a mandatory exchange of SAMMY ADSs for SEGA SAMMY ADSs on the basis of two (2) SEGA SAMMY ADSs for every one (1) SAMMY ADS that are presented for exchange.  Any fractional shares resulting from the share exchange will receive cash-in-lieu

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