

Speech by Hajime Satomi
Chairman and CEO of Sega Sammy Holdings
Grand Opening Celebration – March 15, 2006

As you are aware, there has been a merger between the Sega Corporation and the Sammy Corporation. Two strong leaders in the amusement entertainment business joining forces for one goal. That goal is to become the world's number one entertainment company.

Following the merger, the Sega Sammy Group embarked on ambitious business reorganization efforts to match the right employees with the right jobs. We appointed employees to positions in which they can exercise their individual talents to the fullest. I have high hopes that this redeployment will enhance the Group's organizational strength. I am confident that, by allowing us to produce even more competitive products, that reorganization will contribute to our performance.

Next, the merger has dramatically increased Sega's business development capabilities. Although Sega has a rich stock of very promising ideas, it lacked the cash to translate them into concrete ventures. The merger has enabled Sega to convert those ideas into solid business opportunities. The merger would also enable Sammy to dramatically increase the appeal of its products by drawing on Sega's premium-quality content and advanced technological development capabilities.

Another advantage of the merge is an enriched product mix that will significantly boost the entire Groups' business development capabilities. For example, in amusement machine sales Sega has expertise in high-end products, such as network games called All-Net. While Sammy's forte lies in relatively low-end products that appeal to children. In other words, the diverse product mix resulting from the merger enables us to cover the needs of a wide customer base using both Sega's and Sammy's products to significantly boost the market competitiveness of the Amusement Machine Sales Business worldwide.

For the future I see a burgeoning potential for the overseas markets. Few companies sell amusement machines. We aim to work hard to bolster our marketing organization to expand sales channels overseas. At the same time, we will spare no effort to increase the percentage of revenues generated outside of Japan by developing products that accurately reflect the considerable variations in demand from country to country.

At present, the pace of realignment in Japan's entertainment industry is increasing as companies try to ensure their survival. In that environment, Sega Sammy Group enjoys unmistakable advantages that will enable it to triumph. For example, we have completed business reorganization ahead of competitors; our balanced business portfolio is unmatched; and we have a solid operational platform that generates formidable cash flows. Of course, some of our businesses still need to be strengthened. We aim to beef up such operations by actively making investments. At the same time, we aim to further strengthen our robust businesses. Through these efforts, we want to construct an unassailable market position.

The Sega Sammy Group has put forward a very ambitious vision of becoming the world's number one comprehensive entertainment company. In closing, I ask you for your continued backing as we use the management merger to catapult the Sega Sammy Group to even greater heights.

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