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VIA AIR MAIL

Securities and Exchange Commission  
Office of International Corporate Finance  
Division of Corporation Finance  
450 Fifth Street, N.W.  
Washington, D.C. 20549  
U. S. A.



04045025

SAMMY CORPORATION  
Re: Sponsored Level 1 ADR Facility

Dear Sirs:

Pursuant to Rule 12g-3 - 2 (b) under the Securities Exchange Act of 1934, we, as legal counsels to SAMMY CORPORATION (the "Company") with respect to its ADR program, enclose herewith English translation of the document of which contents were announced by the Company.

- Result of Bondholders' Meeting and Plan of Adjourned Meeting (dated September 2, 2004)

PROCESSED  
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THOMSON  
FINANCIAL

Yours truly,

*Fusako Otsuka*  
Fusako Otsuka

FO/ah  
Encl.

cc: The Bank of New York  
cc: SAMMY CORPORATION (w/o encl.)

*FW 9/22*

The information herein relates to a business combination (the "Transaction") to be effected under Japanese law whereby SAMMY CORPORATION and SEGA CORPORATION (together, the "Companies") will become wholly-owned subsidiaries of a newly formed Japanese corporation (the "Holding Company"). The Transaction and information to be distributed in connection with the Transaction are subject to Japanese disclosure requirements that are different from those of the United States. Financial statements and financial information, if any, included herein have been prepared in accordance with Japanese accounting standards that may not be comparable to financial statements or financial information of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws in respect of the Transaction, since the Companies and the Holding Company will be located in Japan, and some or all of their respective officers and directors may be residents of Japan. You may not be able to sue the Companies, the Holding Company or their respective officers or directors in a Japanese court for violations of the U.S. securities laws. It may be difficult to compel the Companies, the Holding Company or any of their respective affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the Companies or the Holding Company may purchase securities otherwise than pursuant to the Transaction, such as in open market or privately negotiated purchases.

TRANSLATION: THIS ENGLISH TRANSLATION IS BEING PROVIDED TO UNITED STATES SHAREHOLDERS FOR THE SOLE PURPOSE OF COMPLYING WITH CERTAIN REQUIREMENTS UNDER UNITED STATES SECURITIES LAWS. IT IS NOT INTENDED IN ANY WAY TO SUBSTITUTE OR REPLACE THE ORIGINAL JAPANESE VERSION AND IF THERE IS ANY DISCREPANCY BETWEEN THE ORIGINAL JAPANESE VERSION AND THIS TRANSLATION, THE ORIGINAL JAPANESE VERSION SHALL GOVERN.

September 2, 2004

To whom it may concern

Name of Company: Sammy Corporation  
Name of Representative: Kenkichi Yoshida  
President and  
Representative Director  
(Code No. 6426, Tokyo Stock Exchange 1st Section)  
Name of Contact Person: Koichi Fukazawa  
Executive Officer and  
General Manager,  
President Office  
(TEL:03-5950-3790)

#### Result of Bondholders' Meeting and Plan of Adjourned Meeting

Notice is hereby given that, on September 1, 2004, Sammy Corporation ("Sammy"), in connection with the business combination with SEGA CORPORATION ("SEGA"), convened the Meeting of Bondholders (the "Meeting") to approve amendments the Terms and Conditions of Sammy Corporation Convertible Bonds due 2009 (the "Sammy Bonds") and the related Trust Deed to facilitate Sammy Bonds holders to exchange their Sammy Bonds for convertible bonds to be issued by SEGA SAMMY HOLDINGS INC. (the "Holdings Bonds") in October 2004. However, quorum requirements for the passing of an Extraordinary Resolution for these proposed amendments were not achieved. Given this fact, Sammy will convene an Adjourned Meeting (the "Adjourned Meeting").

Summary information regarding the Meeting is set forth below:

- 1 Date of the bondholders' meeting: September 1, 2004
- 2 Place of the bondholders' meeting: London, the United Kingdom
- 3 Purpose of the bondholders' meeting: Amendment and modification of the Terms and Conditions of Sammy Bonds and relevant provisions of the Trust Deed in connection with the following:
  - Suspension of exercising the conversion rights for a specific period from the date prior to the effective date of the share-for-share exchange for creation of SEGA SAMMY HOLDINGS INC. until the completion of the issuance procedure of the Holdings Bonds (From September 27, 2004 to October 31, 2004)
  - Reducing the period of prior notice required with respect to an early redemption in the event that such bondholders do not accept the offer of exchanging their Sammy Bonds for the Holdings Bonds
  - Waiver of the covenant of the Trust Deed to maintain a listing for the shares of Sammy due to the delisting of the shares of Sammy which is expected to be on September 27, 2004
- 4 Quorum requirement: Two or more persons present holding the Bonds or voting certificates or being proxies and holding or representing in the aggregate not less than 75 percent of the principal amount of Sammy Bonds for the time being outstanding
- 5 Present: 61.36 percent of the principal amount of the outstanding Sammy Bonds as of September 1, 2004

Upon completion of the Meeting, the Chairman of the Meeting determined that the Adjourned Meeting (its quorum requirement is not less than 50 percent of the principal amount) will be held on September 23, 2004 to pass the proposed amendments for the same purpose. Notices of the Adjourned Meeting will be given to bondholders shortly.

A business combination between Sammy and SEGA will take place on October 1, 2004, as originally scheduled, based on the approvals of shareholders meetings of Sammy and SEGA in June 2004. Sammy reconfirms that Sammy will convene the Adjourned Meeting for the benefit of Trustee and holders of the outstanding Sammy Bonds that:

- (i) in connection with the proposed amendments to the terms and conditions of the Sammy Bonds, Sammy will cause SEGA SAMMY HOLDINGS INC. to make an exchange offer to holders of the outstanding Sammy Bonds to exchange each Sammy Bond on a one-for-one basis for the Holdings Bonds which has substantially equivalent terms to the Sammy Bonds as drafted prior to the Adjourned Meeting (other than with respect to the shares to be delivered on conversion and in respect of the guarantees to be provided by Sammy and SEGA) and is in accordance with the terms and conditions set out in the term sheet attached in the Schedule (the "Term Sheet") (in all respects, subject to approval by a board resolution of each of Sammy, SEGA and SEGA SAMMY HOLDINGS INC.) In particular, the conversion rights to be set out in the Holdings Bonds will be substantially equivalent to those currently set out in the Sammy Bonds and as set out in the Term Sheet, except that the Holdings Bonds will be convertible into shares in SEGA SAMMY HOLDINGS INC. at the conversion price set out in the Term Sheet; and
- (ii) the amendments proposed to the terms and conditions of the Sammy Bonds and relevant provisions of the Trust Deed are intended solely to facilitate the exchange offer.

Contact:

Mitsubishi Securities International plc  
Equity Capital Markets  
Tel. 44-(0)20-7577-2212, 2207

Sammy Corporation  
Investor Relations Department  
Tel. 81-3-5950-3790  
Fax. 81-3-5950-3791

SCHEDULE

**Draft Term Sheet for the SEGA SAMMY HOLDINGS INC. Convertible Bonds**

|                                       |   |
|---------------------------------------|---|
| Issuer                                | SEGA SAMMY HOLDINGS INC.  |
| Type Issue                            | Euro Yen Convertible Bonds  |
| Principal Amount                      | Up to ¥ 33,435,000,000  |
| Launch Date                           | 1 October, 2004   |
| Exchange Offer Period                 | From 1 October, 2004 to on or around 12 October, 2004   |
| Closing Date                          | 29 October, 2004  |
| Exchange Offer Ratio                  | 1 : 1   |
| Maturity                              | 3 March, 2009   |
| Final Redemption Price                | 100.0%  |
| Coupon                                | 0.0%  |
| Conversion Price                      | ¥3,828  |
| Conversion Period                     | From 1 November, 2004 to 17 February, 2009  |
| Bondholders Put Option                | None  |
| Call Option                           | Parity 125% of Conversion Price on 20 consecutive trading days, Issuer may redeem Bonds at par on or after 3 March, 2005  |
| Call Option (share exchange/transfer) | Under certain circumstances the Issuer may redeem the Bonds at the following percentages of their principal amount:<br>104% on 29 October, 2004 or thereafter<br>103% on 3 March, 2005 or thereafter<br>102% on 3 March, 2006 or thereafter<br>101% on 3 March, 2007 or thereafter<br>100% on 3 March, 2008 or thereafter up to 2 March, 2009 |
| Issuer tax call                       | Any time at 100%  |
| Denomination                          | ¥1,000,000  |
| Form                                  | Bearer Bonds  |
| Selling Restrictions                  | US (Not Rule 144A eligible, Reg S only) / UK / Japan  |
| Arranger                              | Mitsubishi Securities International plc   |
| Exchange Agent                        | JPMorgan Chase Bank, London Branch  |
| Securities Number                     | ISIN not decided / Common Code not decided  |
| Delivery of the Bonds                 | Euroclear / Clearstream, Luxembourg   |
| Guarantee                             | Jointly and severally guaranteed by Sammy and SEGA  |
| Applicable Law                        | English Law   |