

December 25th, 2006

(Translation)

December 25, 2006
Company Name: Sanrio Company, Ltd.
CEO: Shintaro Tsuji
Code No. 8136, TSE Section 1
Inquiries: Susumu Emori
Managing Director
Tel: 03-3779-8058

Notice regarding strategic alliance with SEGA SAMMY HOLDINGS INC.

Today, SANRIO COMPANY, LTD. (Head office: Shinagawa-ku, Tokyo, President and Chief Executive Officer: Shintaro Tsuji; hereinafter the "Company") announced it has reached an agreement with SEGA SAMMY HOLDINGS INC. (Head office: Minato-ku, Tokyo, Chairman, President and Representative Director: Hajime Satomi; hereinafter SEGA SAMMY) to pursue a strategic alliance over a broad range of businesses as described in the following articles.

1 . Purpose of the strategic alliance

The Company has many internally developed highly valuable characters such as Hello Kitty which enjoy worldwide popularity. Additionally, the company delivers live entertainment through its theme parks and other venues, and develops and cultivates its characters through Sanrio Shops located domestically and overseas, thereby creating a global character licensing business.

SEGA SAMMY's core businesses range from the amusement machine, amusement facility and consumer related businesses operated by SEGA CORPORATION to the pachinko and pachislot related businesses run by Sammy Corporation, as well as those of the SEGA SAMMY's listed subsidiaries which include SEGA TOYS CO., LTD., which is involved in the toy industry, Sammy NetWorks Co., Ltd., which is involved in the mobile phone content industry, and TMS Entertainment Ltd., which is involved in the animation industry. Thereby, as a group, SEGA SAMMY provides a broad variety of entertainment related products and services.

By fusing Sanrio's existing portfolio of valuable content, new character development ability, and live entertainment expertise with the SEGA SAMMY Group's provision of a broad range of entertainment, both companies expect to find synergies resulting from increased awareness and value of their characters and entertainment content, and see contributions to their mutual growth through joint development.

2 . Areas of business considered for the strategic alliance

Character licensing business for characters currently owned by Sanrio and the SEGA SAMMY Group respectively, new characters developed independently, and those that will be jointly developed.

Development of products and services that incorporate the use of characters

Mobile and Internet-related businesses

Store development and operation, and sales promotion

Merchandise procurement and distribution

The strategic alliance described above will not be limited to domestic businesses, but will be a part of

business development worldwide.

Any broader alliance including a capital alliance or sharing of personnel will be discussed.

3 . Company overviews

Overview of Sanrio Company, Ltd.

(1) Company Name	Sanrio Company, Ltd.		
(2) Business summary	Planning and sales of character products, and licensing, live entertainment, and other content business.		
(3) Established	August 10 th , 1960		
(4) Headquarters	1-6-1 Osaki, Shinagawa-ku, Tokyo		
(5) Representative	Shintaro Tsuji		
(6) Capital	JPY 14.9 Billion		
(7) Employees	1,324 (as of September 30 th , 2006: consolidated)		
(8) Net Sales	JPY 98.8 Billion (Fiscal year ended March 31 th 2006: consolidated)		
(9) Principle shareholders and shares and % held (As of September 30 th , 2006)			
	Konan Shoji Co., Ltd.	6,901,782	7.83%
	SEGA SAMMY HOLDINGS INC.	6,542,700	7.42%
	EFG Bank S.A.	5,500,000	6.24%
	Kiyokawa Shoji Co., Ltd.	5,391,508	6.12%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,862,131	4.38%

(Note) We were reported by SEGA SAMMY HOLDINGS INC. that their ownership stands at 12,326,800 shares (13.98%) as of December 25th, 2006.

Overview of SEGA SAMMY HOLDINGS INC.

(1) Company Name	SEGA SAMMY HOLDINGS INC.		
(2) Business summary	Operational management of a comprehensive group of entertainment-related companies as a holding company and related operations.		
(3) Established	October 1 st , 2004		
(4) Headquarters	1-9-2 Higashi Shinbashi, Minato-ku, Tokyo		
(5) Representative	Hajime Satomi		
(6) Capital	JPY 29.9 Billion		
(7) Employees	7,316 (as of September 30 th , 2006: consolidated)		
(8) Net sales	JPY 553.2 Billion (Fiscal year ended March 31 th , 2006: consolidated)		
(9) Principle shareholders and shares and % held (As of September 30 th , 2006)			
	Satomi Hajime	43,569,338	15.38%
	SEGA SAMMY HOLDINGS INC.	31,265,871	11.04%
	The Chase Manhattan Bank, N.A. London	20,548,836	7.26%
	FSC Co., Ltd.	14,172,840	5.00%
	State Street Bank and Trust Company	11,041,165	3.90%

4 . Schedule

December 25th, 2006 Resolution by Board of Directors

December 25th, 2006 Conclusion of basic agreement

5 . Future outlook

Concrete details of the alliance will be discussed by the two companies; therefore, at this point the impact on future operations is yet to be determined.