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Securities Code: 6460  
May 26, 2015

Hajime Satomi  
Chairman of the Board and Chief Executive Officer  
**SEGA SAMMY HOLDINGS INC.**  
Shiodome Sumitomo Building,  
1-9-2 Higashi Shimbashi, Minato-ku, Tokyo, Japan

Dear Shareholders:

## **Notice of the 11th Ordinary General Meeting of Shareholders to be held on June 17, 2015**

You are cordially invited to attend the 11th Ordinary General Meeting of Shareholders of SEGA SAMMY HOLDINGS INC. (the “Company”) to be held at Convention Hall, B2F, The Prince Park Tower Tokyo, 4-8-1 Shiba-koen, Minato-ku, Tokyo, 105-8563, Japan on Wednesday, June 17, 2015 at 10:00 a.m. for the purposes listed below.

If you are unable to attend the meeting in person, you may exercise your voting rights by either mail (in writing) or via the Internet. Therefore, please review the attached Reference Documents for General Meeting of Shareholders, and kindly exercise your voting rights before 6:00 p.m., Japan Standard Time, on Tuesday, June 16, 2015.

### Details of the Meeting

- 1. Date and time:** Wednesday, June 17, 2015 at 10:00 a.m.
- 2. Venue:** Convention Hall, B2F, The Prince Park Tower Tokyo  
4-8-1 Shiba-koen, Minato-ku, Tokyo, 105-8563, Japan
- 3. Agenda:**
- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 11th fiscal year (from April 1, 2014 to March 31, 2015) and results of audits by the Independent Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements
  2. Non-Consolidated Financial Statements for the 11th fiscal year (from April 1, 2014 to March 31, 2015)

**Matters to be resolved:**

- Proposal 1:** To amend certain parts of the Articles of Incorporation
- Proposal 2:** To elect nine (9) Directors
- Proposal 3:** To issue share subscription rights as share options to Directors
- Proposal 4:** To issue share subscription rights as share options to employees of the Company and to directors and employees of its subsidiaries

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- \* If you attend the meeting in person, please submit the enclosed voting form at the reception desk at the meeting location on the day of the meeting.
- \* Please note that persons other than shareholders of the Company such as a proxy and an accompanying person cannot attend the meeting.
- \* Should any change need to be made to the Reference Documents for General Meeting of Shareholders, Business Report or Consolidated/Non-Consolidated Financial Statements, such changes shall be posted on the website of the Company.
- \* For voting results, an extraordinary report shall be posted on the website of the Company in place of Notice of Resolutions. Information in English will be posted on our English website (<http://www.segasammy.co.jp/english/ir/event/meeting.html>).

### **Information on Disclosure on the Internet**

Pursuant to the provisions of laws and regulations and the Articles of Incorporation, the section “Outline of Resolutions Regarding Preparation of Internal Control System and so forth to Ensure Appropriate Business Execution” from the Business Report, Notes to Consolidated Financial Statements and Individual Notes are posted on the website

(<http://www.segasammy.co.jp/english/ir/event/meeting.html>) of the Company and not attached to this document.

\* The Business Report and Consolidated/Non-Consolidated Financial Statements audited by the Independent Auditor and the Audit & Supervisory Board include the section “Outline of Resolutions Regarding Preparation of Internal Control System and so forth to Ensure Appropriate Business Execution” from the Business Report, Notes to Consolidated Financial Statements and Individual Notes, respectively, which are posted on the website of the Company.

### **Information on the Method of Receiving Convocation Notice**

You may request the receipt of convocation notice, shareholder information and other documents for future General Meetings of Shareholders by email if your email address is registered with the Company. (Please note that mobile phone email addresses are not accepted.)

If you wish to receive the above documents by email, please access the voting website designated by the Company (<http://www.evotage.jp/>) from a PC or smartphone, log on using the “logon ID” and “temporary password” printed on the enclosed voting form and follow the on-screen instructions from the “Receipt by email” screen.

The statutory convocation notice and other documents to be sent by email to the registered addresses (including the notice that such documents have been posted on the website designated by the Company) are as shown below. Convocation notice will be sent by e-mail by the Shareholder Registry Administrator.

- (1) Convocation Notice of Ordinary General Meeting of Shareholders: Date and time, venue, agenda, attached documents (including Business Report) and Reference Documents for General Meeting of Shareholders
- (2) Convocation Notice of Extraordinary Meeting of Shareholders: Date and time, venue, agenda and Reference Documents for General Meeting of Shareholders

\* Please note that, if you take the procedure after a certain period from the record date of General Meeting of Shareholders (the fiscal year end in case of Ordinary General Meeting of Shareholders and a date separately determined by the Board of Directors in case of Extraordinary Meeting of Shareholders), your email address may not be reflected for sending a convocation notice.

## Information on Exercise of Voting Rights

### Exercise of voting rights by mail (in writing)

Indicate “for” or “against” the proposals on the voting form enclosed and return the said form to the Company so that it is received no later than the deadline for exercising your voting rights, indicated above.

### Exercise of voting rights via the Internet

#### (1) Exercise of voting rights

- (i) Access the voting website designated by the Company (<http://www.evotep.jp/>), log on using the “voting rights exercise code” and “temporary password” printed on the enclosed voting form, and follow the on-screen instructions (Japanese language only) to enter “for” or “against” the proposals before the deadline for exercising your voting rights, indicated above.
- (ii) In order to prevent unauthorized access by persons other than shareholders (spoofing) and falsification of entries, you are kindly requested to change the “temporary password” once you log on to the voting website.

#### (2) Voting website

- (i) You may exercise your voting rights by accessing the voting website designated by the Company (<http://www.evotep.jp/>) from a PC, smartphone or mobile phone (i-mode, EZweb or Yahoo! Keitai). (Please note that the website cannot be accessed between 2:00 a.m. and 5:00 a.m. daily, Japan Standard Time.) (“i-mode”, “EZweb” and “Yahoo!” are trademarks or registered trademarks of NTT DOCOMO, Inc., KDDI Corporation and U.S. Yahoo! Inc., respectively.)



You may also access the voting website by using a smartphone or mobile phone equipped with a QR code reader to read the QR code on the right:

Please check the usage instructions for your smartphone or mobile phone for further details regarding the use of the QR code reader.

(“QR code” is a registered trademark of DENSO WAVE INCORPORATED.)

- (ii) You may be unable to use the voting website depending on your Internet configuration, firewall, anti-virus software and proxy server settings.
- (iii) You must have access to either i-mode, EZweb or Yahoo! Keitai services to exercise your voting rights via mobile phone. Please note that the voting website is only accessible from a mobile handset capable of communicating encrypted data (i.e. SSL) and mobile phone data for security purposes.
- (iv) Please note that any costs incurred in accessing the designated voting website (e.g. internet connection fees, etc.) shall be borne by the shareholder. Please note that any costs incurred in voting via mobile phone, including packet charges, shall also be borne by the shareholder.

### Treatment of votes cast more than once

- (i) When any shareholder exercises voting rights both by voting form and via the Internet, only the Internet vote will be deemed as valid.
- (ii) When any shareholder exercises voting rights more than once via the Internet, only the last vote will be deemed as valid. Similarly, when any shareholder exercises voting rights more than once via PC, smartphone and / or mobile phone, only the last vote will be deemed as valid.

### Electronic proxy voting platform for institutional investors

Institutional investors can use the electronic proxy voting platform that is operated by Investor Communications Japan, Inc., which is designed for institutional investors to exercise their voting rights electronically.

**For inquiries concerning the online voting system:**

[Helpdesk]

Shareholder registry administrator: Transfer Agent Department,  
Mitsubishi UFJ Trust and Banking Corporation

Direct line: 0120-173-027 (Domestic [Japan] call only)  
(Weekdays 9:00 a.m. - 9:00 p.m.)

**\* Please note that the above contact number is not for inquiries concerning shares.**

## **Business Report**

(From April 1, 2014 To March 31, 2015)

### **I Outline of the Group's Business**

#### **1. The Current Business Development and Results of Operations**

During the fiscal year ended March 31, 2015, the Japanese economy continued a gradual recovery as a whole backed by such developments as improving corporate performances and employment through the effects of monetary and fiscal policies. With regard to individual consumption, although consumer confidence weakened due to the impact of the increase in the consumption tax rate and other factors, individual consumption as a whole is holding firm on the back of steady improvements including the employment environment. However, the economy still remained in the condition requiring further time for full recovery due to uncertainty towards a downswing in overseas economies arising from factors such as the slowdown of growth in the economies of emerging countries.

In this climate, with regard to the pachislot and pachinko industry, a change in application of the model test procedure of pachislot machines in Security Communications Association conducting model test for the pachislot machines led to a decrease in the number of launched new titles across the market, resulting in a year-on-year decrease in replacement for new pachislot machines. On the other hand, replacement for new pachinko machines remained relatively strong backed by a slight expansion in demand mainly for mainstay products. In order to revitalize the market in the future, it is essential to develop and supply machines that will be supported by end users.

In the amusement machine and amusement center industry, the market was sluggish due to the absence of major market-driving titles, along with the diversification of ways to play on smartphones and other devices. In the future, however, development and supply of innovative new game machines in line with diversifying customer needs is expected to revitalize the market.

In the home video game software industry, demand expanded in the market for digital games geared toward social networking services (SNS) and smartphones, while the market for packaged games softened.

In this business environment, net sales for the fiscal year ended March 31, 2015 amounted to ¥354,921 million (a decrease of 6.1% from the previous fiscal year). The Group posted an operating income of ¥17,609 million (a decrease of 54.3% from the previous fiscal year) and ordinary income of ¥16,993 million (a decrease of 58.1% from the previous fiscal year). The Group recorded a net loss of ¥11,258 million (net income of ¥30,721 million for the previous fiscal year) because of write-down of certain components of deferred tax assets and recorded them in income taxes-deferred by taking into account effect of tax revisions, performance of the current fiscal year and future earnings forecast along with carefully considering the probability of recovering deferred tax assets, in addition to recording total extraordinary loss of ¥15,924 million from such as impairment loss, provision for dismantling of fixed assets, loss on the discontinuance of independent film production and early extra retirement payments.

In order to improve earning capacity in each business, the Company carried out structural reforms and decided rationalization such as restructuring inside the Group, reduction and withdrawal of unprofitable businesses and reduction of personnel in the fiscal year ended March 31, 2015.

This resulted in reporting of approximately ¥7,000 million in extraordinary losses during the fiscal year ended March 31, 2015 as expenses incurred in these activities. However, due to the reform, approximately ¥6,000 million is expected to reduce in fixed expenses in the fiscal year ending March 31, 2016 compared to the fiscal year ended March 31, 2015. The Group continues to plan and implement policies with the aim of continuously improving earning capacity such as taking initiatives in issues which exist in each business and injecting management resources into growth fields including new areas.

Result of each segment is as follows

**《Pachislot and Pachinko Machines》**

In the pachislot machine business, although the Group launched “Pachislot SOUTEN-NO-KEN 2” and “Pachislot ALADDINA II” under the Sammy brand, overall sales of pachislot machines were 207 thousand units and fell short of the previous fiscal year, due to a year-on-year decrease in the number of launched new titles.

In the pachinko machine business, thanks to solid performance by the major title “CR Hokuto No Ken 6 series” along with “Pachinko CR Bakemonogatari” under the Sammy brand, overall sales of pachinko machines were 242 thousand units and exceeded results for the previous fiscal year.

As a result, net sales in this segment were ¥149,224 million (a decrease of 18.0% from the previous fiscal year) and operating income was ¥25,796 million (a decrease of 43.0% from the previous fiscal year).

**Main Pachislot Machines and Units Sold**

Model name	Brand	Units sold (Thousands)
Pachislot SOUTEN-NO-KEN 2	(Sammy)	76
Pachislot ALADDINA II	(Sammy)	72
Salaryman Kintaro	(Rodeo)	42
Pachislot Virtua Fighter	(Taiyo Elec)	7
Pachislot Lost Island	(Sammy)	4

**Main Pachinko Machines and Units Sold**

Model name	Brand	Units sold (Thousands)
CR Hokuto No Ken 6 series	(Sammy)	133
Pachinko CR Bakemonogatari	(Sammy)	32
CR BLACK LAGOON 2 series	(Taiyo Elec)	15
Dejihane CR Hokuto No Ken 5 Jibo	(Sammy)	14
CR HAKUSHON DAIMAO series	(Sammy)	10

**《Amusement Machine Sales》**

In the amusement machine sales business, there were sales of CVT KITS for “StarHorse3 Season III CHASE THE WIND,” sales of CVT KITS and expendables such as cards for “WORLD CLUB Champion Football” and “SENGOKU-TAISEN” as well as distribution revenue from revenue sharing titles such as “BORDER BREAK Series” and “Wonderland Wars.” Although net sales in this segment were ¥45,480 million (an increase of 3.7% from the previous fiscal year), operating loss was ¥2,536 million (operating loss of ¥1,264 million for the previous fiscal year) due to factors including inventory write-down of some of the inventories.

**《Amusement Center Operations》**

In the amusement center operations business, efforts to reinforce management capabilities of existing amusement centers continued from the previous fiscal year and sales at existing amusement centers in Japan were 100.1% of the level compared to the same period of the previous fiscal year. However, the Group was affected by a decrease in sales due to the increase in the consumption tax rate.

The Group opened 6 amusement centers and closed 6 amusement centers in the domestic market in the fiscal year. Consequently, the Group operated a total of 198 amusement centers in Japan at the end of the period.

As a result, net sales in this segment were ¥41,432 million (a decrease of 4.2% from the previous fiscal year) and operating loss was ¥946 million (operating income of ¥60 million for the previous fiscal year).

### 《Consumer Business》

In the consumer business, the Group launched titles such as “Alien: Isolation” and “Ryu ga Gotoku 0: Chikai no Basho” in the packaged game software field. Although a year-on-year increase in total volume of packaged software sales of 12,300 thousand copies, which includes 4,950 thousand copies in the U.S., 5,200 thousand copies in Europe, and 2,140 thousand copies in Japan, performance in the field was weak due to the harsh market environment.

On the other hand, in the field of digital game software for mobile phones, smartphones, and PC downloading, the entire field of digital game software remained strong, backed by favorable results in the existing titles including “Ange Vierge” and “SAKATSUKU Shoot ! ,” in addition to the online RPG “PHANTASY STAR ONLINE 2,” and the major titles including “Puyopuyo!! Quest” and “CHAIN CHRONICLE – Kizuna no Shintairiku.” Meanwhile, on the pachinko and pachislot game website for mobile phones and PCs, the smartphone version of “777TOWN” and service for DeNA Co., Ltd.’s “Moba7” were enhanced.

Also, the number of domestic titles in the field of digital game software as of March 31, 2015 was 117 (including 65 Pay-to-play types and 52 Free-to-play types).

In the toy sales division, the Group implemented the sale of such as “Anpanman Series” and “Jewelpod Series,” however the toy sales division as a whole performed weakly.

In the animated films division, distribution revenue from theater film “Detective Conan: Dimensional Sniper” and license revenue and revenue from merchandise sales from the TV series “Yowamushi Pedal” were favorable.

As a result, net sales in this segment were ¥111,757 million (an increase of 11.2% from the previous fiscal year) and operating income was ¥4,033 million (an increase of 93.1% from the previous fiscal year).

## 2. Issues to be Addressed

The Group reorganized its subsidiaries and affiliated companies into the following three business groups on April 1, 2015.

- (i) Pachislot and Pachinko Machines centered on Sammy Corporation
  - (ii) Entertainment Contents Business with Network Games Business of SEGA CORPORATION\* as core business
  - (iii) Resort Business making developments such as hotels, golf courses and resort facilities
- \* SEGA CORPORATION changed its trade name to SEGA Games Co., Ltd. on April 1, 2015

In each business group, the Group will promote improvement in efficiency on overlapping functions while speeding up decision-making, and develop a system in which management resources can be properly injected in order to increase the management efficiency while responding to changes in the business environment.

With regard to Pachislot and Pachinko Machines, pachinko parlor operators continue to face increasingly harsh business conditions due to the widespread practice of lowering ball rental fees and a decline in the number of players amidst the significant reforms in the market environment and regulation environment such as changes to the model test procedures of pachislot machines. Under these circumstances, the Group will develop and supply products with innovative gameplay that meet market needs as it always has to maintain and expand market share.

With regard to Entertainment Contents Business which is positioned as a short to medium-term growth field, the Group is required to work on rationalization to improve profitability in the packaged game software field, amusement machine field, amusement center operations field and animation film and toy fields, in which profitability were on a downward trend, in order to realize further profit growth. At the same time, it is an important management issue for the Group to respond to changes in the market environment through promoting faster decision making in each field while concentrating management resources in the field of digital game software mainly for smartphones and online PC games which are the growth fields.

With regard to Resort Business which is positioned as a medium to long-term growth field, it is an important management issue of the Group to accumulate expertise through the development and operation of resort facilities and theme parks in Japan as well as integrated resorts overseas while preparing for a full-fledged resort business in the future by distributing management resources at an optimal level and conducting investments.

### 3. Fund Procurement, etc.

#### (1) Fund Procurement

The Company concluded commitment line contract with financial institutions covering ¥20,000 million aimed at securing medium- to long-term capital liquidity and otherwise providing a Group wide safety net.

Regarding fund procurement for the fiscal year ended March 31, 2015, the Company procured ¥31,000 million including borrowings from financial institutions and public offering of straight bonds, for the purpose of securing medium- to long-term working capital.

For effective use of the Group funds, the Group is operating the Cash Management System (“CMS”) involving ten Group companies including the Company, Sammy Corporation, SEGA CORPORATION, Sammy Networks Co., Ltd., SEGA TOYS CO., LTD. and TMS ENTERTAINMENT CO., LTD. etc.

#### (2) Capital Expenditures

The Group’s capital expenditures totaled ¥28,780 million, including ¥6,709 million for investment in mold tools and other investments in the pachislot and pachinko machines business and ¥6,534 million in capital expenditures related to amusement centers operated by SEGA ENTERTAINMENT Co., Ltd. and other companies.

#### (3) Business Transfers, Absorption-type Demergers, and Incorporation-type Demergers

There is no applicable material information for the fiscal year ended March 31, 2015.

#### (4) Business Transfer from Other Companies

There is no applicable material information for the fiscal year ended March 31, 2015.

#### (5) Succession of Rights and Obligations Related to Businesses of Other Corporations, etc., through Absorption-type Mergers or Demergers

There is no applicable material information for the fiscal year ended March 31, 2015.

#### (6) Acquisition or Disposition of Stocks and Other Interests or Share Subscription Rights, etc., of Other Companies

SEGA Networks Co., Ltd., a subsidiary of the Company, acquired the shares of Demiurge Studios, Inc. on February 2, 2015 and Demiurge Studios, Inc. was included in consolidated subsidiaries.

### 4. Assets and Profits and Losses for the Previous Three Fiscal Years

Fiscal Year		FY2012	FY2013	FY2014	FY2015
		From April 1, 2011 To March 31, 2012	From April 1, 2012 To March 31, 2013	From April 1, 2013 To March 31 2014	From April 1, 2014 To March 31 2015
Net sales	(¥ million)	395,502	321,407	378,011	354,921
Ordinary income	(¥ million)	58,164	20,914	40,531	16,993
Net income (loss)	(¥ million)	21,820	33,460	30,721	(11,258)
Net income (loss) per share	(¥)	86.73	137.14	126.42	(46.22)
Total assets	(¥ million)	497,451	528,504	542,936	528,898
Net assets	(¥ million)	296,376	320,034	348,270	322,673

Notes: 1. Figures shown in millions of yen have been rounded down to the nearest million.

2. Net income (loss) per share is calculated based on the average number of shares outstanding during the period.



## 5. Major Business Segments

The business segments of the SEGA SAMMY Group are Pachislot and Pachinko Machines, Amusement Machine Sales, Amusement Center Operations, Consumer Business and Other Businesses. The primary business activities are as follows.

Segment	Main Business
Pachislot and Pachinko Machines	Development, manufacture and sales of pachislot and pachinko machines Design for parlors
Amusement Machine Sales	Development, manufacture and sales of game machines used in amusement arcades
Amusement Center Operations	Development, operation, rent and maintenance of amusement centers
Consumer Business	Development and sales of home video game software; Development, manufacture, and sales of toys; Planning and production of entertainment contents through mobile phones, etc.; Planning, production and sales of animated movies
Other	Resort complex business, Information provider services, etc.

## 6. Major Business Locations of the Group

(1) The Company: SEGA SAMMY HOLDINGS INC.  
Head Office (Minato-ward, Tokyo)

(2) Office of the main subsidiaries

① Sammy Corporation  
Head Office (Toshima-ward, Tokyo)  
Kawagoe Factory (Kawagoe, Saitama)  
Branches (8 Branches)

② SEGA CORPORATION  
Head Office (Shinagawa-ward, Tokyo)

③ SEGA ENTERTAINMENT Co., Ltd.  
Amusement Center Operating Locations: (198 locations)

(3) Employees of the Group

Number of employees (change from end of previous year) 7,888 (416 up)

Note: The number of employees includes full-time staff and staff on loan, but not temporary employees.

## 7. Material Parent Company and Subsidiaries

(1) Relationships with parent company  
There is no pertinent matter.

(2) Relationships with subsidiaries

Company	Capital	Percentage ratio of issued shares	Main business
Sammy Corporation	¥18,221 million	100.0%	Development/manufacture/sales of pachislot and pachinko machines
SEGA CORPORATION	¥100 million	100.0%	Development/manufacture/sales of game machines used in amusement arcades Development/operations of amusement centers Development/sales of home videogame software
RODEO Co., Ltd.	¥100 million	65.0% (Note 1)	Development/manufacture/sales of pachislot machines

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Company	Capital	Percentage ratio of issued shares	Main business
TAIYO ELEC Co., Ltd.	¥5,125 million	100.0% (Note 1)	Development/manufacture/sales of pachislot and pachinko machines
Sega Logistics Service Co., Ltd.	¥200 million	100.0% (Note 1)	Maintenance service, transportation and warehouse business
SEGA ENTERTAINMENT Co., Ltd.	¥100 million	100.0% (Note 1)	Operation of amusement centers
SEGA Networks Co., Ltd.	¥10 million	100.0% (Note 1)	Development/sales of digital games
DARTSLIVE Co., Ltd.	¥10 million	100.0% (Note 1)	Planning/development/sales of game equipment and game software
Sega Amusements Europe Ltd.	£ 26,485 thousand	100.0% (Note 1)	Import/manufacture/sales of amusement equipment
Sega of America, Inc.	US\$110,000 thousand	100.0% (Note 1)	Development/management/sales of home video game software
Sega Europe Ltd.	£ 10,000 thousand	100.0% (Note 1)	Sales of home video game software
Sega Publishing Europe Ltd.	£ 0 thousand	100.0% (Note 1)	Sales of home video game software
Index Corporation	¥10 million	100.0% (Note 1,2)	Design/development of content for mobile phones
ATLUS CO., LTD.	¥10 million	100.0% (Note 1,2)	Development of home video game software
Sammy Networks Co., Ltd.	¥300 million	100.0%	Planning/production/sales of game and music contents through mobile phones and Internet, etc.
SEGA TOYS CO., LTD.	¥100 million	100.0%	Development/manufacture/sales of toys
TMS ENTERTAINMENT CO., LTD.	¥8,816 million	100.0%	Planning/production/sales and other activities involving animated movies
MARZA ANIMATION PLANET INC.	¥100 million	100.0%	Production of computer graphics animations, planning/production of animated movies, licensing business
Japan Multimedia Services Corporation	¥100 million	100.0%	Information providing service, call center service and temporary staffing service
PHOENIX RESORT CO., LTD.	¥93 million	100.0%	Operation of resort facilities, including hotels, spas, golf courses, restaurants and international conference halls
SEGASAMMY Busan INC.	KRW124,000 million	100.0% (Note 1)	Development of a complex comprised of hotel, entertainment facilities, commercial facilities, etc.
SEGA SAMMY CREATION INC.	¥10 million	100.0%	Development/production/sales of casino gaming machines

Note 1. Percentage of ratio of issued shares includes rights of indirectly owned shares.

2. Index Corporation was established in April 2014 through incorporation-type company split with ATLUS CO., LTD. (former Index Corporation) as a split company.

## 8. Main Banks and Borrowings

Lenders	Balance of loans payable
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥13,475 million
Aozora Bank, Ltd.	¥7,645 million
Resona Bank, Limited.	¥6,350 million
The Bank of Yokohama, Ltd.	¥3,763 million
Mitsubishi UFJ Trust and Banking Corporation	¥3,630 million
Mizuho Bank, Ltd.	¥3,443 million
Sumitomo Mitsui Banking Corporation	¥3,047 million
The Hokuriku Bank, Ltd.	¥2,053 million
Others	¥3,353 million
Total	¥46,760 million

## 9. Where the Articles of Incorporation Provide for the Board of Directors to Determine Distributions, etc., of Retained Earnings, Policy Regarding Exercise of Such Authority

SEGA SAMMY HOLDINGS INC. gives priority to returning profits to shareholders. The Company's basic policy is to pay an appropriate dividend that is commensurate with earnings.

For the distribution of surplus, the Company paid dividends of ¥20 per share for the second quarter and plans to pay dividends of ¥20 per share for year-end dividends. This reflects the Group's policy of paying dividends stable to shareholders.

Furthermore, the Company's policy is to effectively use retained earnings to bolster its financial position and operation structure as well as for investments in line with business expansion.

## 10. Other Significant Events of the Group

As part of the measures for restructuring into three business groups, the Company implemented the following organizational restructure within the Group on April 1, 2015 as a policy to clarify the responsible business field of each Group company and thereby continuously review businesses owned by the Group to promote further business reorganization.

- Established SEGA Holdings Co., Ltd. and integrated the Entertainment Contents Business under the said company
- Established SEGA Interactive Co., Ltd. which operates in the area of the amusement machine
- Merged SEGA CORPORATION\* and SEGA Networks Co., Ltd. and changed the trade name to SEGA Games Co., Ltd. which operates in the area of the packaged game software and digital game software
- Split part of the Entertainment Park Business (such as Tokyo Joypolis, Orbi Yokohama) in order to utilize SEGA CORPORATION's\* management expertise of large facilities in the Resort Business and established SEGA LIVE CREATION Inc. (direct owned subsidiary)

\* SEGA CORPORATION changed its trade name to SEGA Games Co., Ltd. on April 1, 2015

## II Shares Outstanding and Shareholders

1. **Number of shares authorized for issue**    **800,000,000 shares**
2. **Total shares issued and outstanding**    **266,229,476 shares**
3. **Number of shareholders**    **94,348**
4. **Principal shareholders (Top 10)**

Name of shareholder	Investment in SEGA SAMMY HOLDINGS	
	Shares held	Shareholding ratio (%)
Hajime Satomi	33,619,338	14.15
FSC Co., Ltd.	12,972,840	5.46
HS Company	10,000,000	4.21
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	7,876,871	3.31
CBNY-ORBIS SICAV	5,111,618	2.15
ML INTL EQUITY DERIVATIVES	5,090,569	2.14
Japan Trustee Services Bank, Ltd. (Trustee)	5,025,200	2.11
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	5,014,913	2.11
The Master Trust Bank of Japan, Ltd. (Trustee)	4,362,500	1.83
BNYM TREATY DTT 15	4,140,996	1.74

Note: Shareholding ratio was calculated excluding treasury stock (28,801,789 shares)

### 5. **Other important matter**

In order to prepare for flexible capital policies according to future business development, the Company acquired 10,000,000 shares of treasury stock at ¥18,120 million in total between February 18, 2015 and April 16, 2015 through market transactions, in accordance with the resolution at the Board of Directors' meeting of the Company on February 12, 2015 under Article 156 applied by the reading of terms under Article 165, Paragraph 3 of the Companies Act.

### III Company's Share Subscription Rights

#### 1. Outline of Share Subscription Rights Issued to the Company's Directors and Audit & Supervisory Board Members as Remuneration for Their Services as of the End of the Fiscal Year Ended March 31, 2015

Date of Resolutions of the Ordinary General Meeting of Shareholders	July 31, 2012
Number of individuals with rights Company Directors	7
Number of share subscription rights (Note 1)	2,530
Class of shares for share subscription rights	Common stock
Number of shares for share subscription rights	253,000
Payment on exercise of share subscription rights	There is no need of delivering payment to exchange with the share subscription rights.
Capital contribution upon exercise of share subscription rights (per share)	¥1,686
Period for exercise of share subscription rights	September 2, 2014 – September 1, 2016
Terms and conditions for exercise of share subscription rights	(Note 2)
Matters concerning the transfer of share subscription rights	When transferring share subscription rights, approval must be obtained from the Board of Directors

Notes: 1. Number of shares of share subscription rights is 100 per the right. Numbers above include Share Subscription Rights given before taking office as a Director.

2. Terms and conditions for exercise of share subscription rights are as follows:

The grantee shall be Director, Audit & Supervisory Board Member, Executive Officer, Consultant, Counsel, or employee of the Company or any of its subsidiaries when he or she exercises the rights. However, the following cases are treated as exceptions.

- a. Where the loss of such position is due to expiration of the term of office or amendment of law or Articles of Incorporation of the Company or any of its subsidiaries;
- b. Where the loss of such position is due to company regulations, including mandatory retirement or termination on account of business contraction;
- c. Where, immediately after the loss of such position due to the reasons held by the Company, the grantee becomes Director, Audit & Supervisory Board Member, Executive Officer, Consultant, Counsel, or employee of the Company, any of its Group companies, any of its business partners or any other company sanctioned by the Company.

#### 2. Outline of Share subscription rights Issued to Company Employees or Subsidiary Directors, Audit & Supervisory Board Members, or Employees as Remuneration for Their Services During the Fiscal Year Ended March 31, 2015

Not applicable.

#### IV Company Directors and Audit & Supervisory Board Members

##### 1. Directors and Audit & Supervisory Board Members (As of March 31, 2015)

Title	Name	Main Responsibilities
Chairman of the Board and Chief Executive Officer General Manager of Group Structure Reform Division	Hajime Satomi	Chairman and Representative Director, Sammy Corporation Chairman and Representative Director, SEGA CORPORATION
Senior Managing Director and Representative Director in charge of New Business Development Department, Strategic Planning Department, Corporate Business Promotion Department	Naoya Tsurumi	Vice Chairman, SEGA CORPORATION
Director in charge of Group Executive Office, Administrations Division, Group Corporate Social Responsibility Promotion Office, Executive Secretariat Department Deputy General Manager of Group Structure Reform Division	Akira Sugano	Director, Sammy Corporation Director, SEGA CORPORATION
Director	Haruki Satomi	Director, Sammy Corporation Executive Vice President and Representative Director, SEGA CORPORATION
Director	Shigeru Aoki	President and Representative Director, Sammy Corporation
Director	Hideki Okamura	President and Representative Director, SEGA CORPORATION
Director	Hisao Oguchi	
Director	Yuji Iwanaga	Attorney
Director	Takeshi Natsuno	
Standing Audit & Supervisory Board Member	Tomio Kazashi	
Audit & Supervisory Board Member	Toshio Hirakawa	Standing Audit & Supervisory Board Member, Sammy Corporation
Audit & Supervisory Board Member	Yukito Sakaue	Standing Audit & Supervisory Board Member, SEGA CORPORATION
Audit & Supervisory Board Member	Mineo Enomoto	Audit & Supervisory Board Member, SEGA CORPORATION, Attorney

Notes: 1. Yuji Iwanaga and Takeshi Natsuno are Outside Director as stipulated in Article 2, Clause 15 of the Companies Act.

2. Tomio Kazashi, Toshio Hirakawa and Mineo Enomoto are Outside Audit & Supervisory Board Member as stipulated in Article 2, Clause 16 of the Companies Act.

3. The Company has submitted an Independent Directors/Audit & Supervisory Board Members Notification Form to register Directors Yuji Iwanaga and Takeshi Natsuno, Standing Audit & Supervisory Board Member Tomio Kazashi, and Audit & Supervisory Board Member Toshio Hirakawa and Mineo Enomoto as Independent Directors/Audit & Supervisory Board Members at Tokyo Stock Exchange, Inc.

4. The Company has adopted the executive officer system to speed up decision-making, strengthen oversight of business execution, and reinforce business execution functions. The Company has eight executive officers: Hirofumi Matsunaga, Assistant to Senior Managing Director; Koichi Fukazawa, Yoichi Owaki and Takatoshi Akiba, Group Executive Office;

Koichiro Ueda, Group Executive Office, in charge of Public Relations; Hiroshi Ishikura, General Manager of the Group Internal Control Office, Group Corporate Social Responsibility Promotion Office and Internal Audit Office; Seiichiro Kikuchi, Group Structure Reform Division, General manager of Group Executive Office and Executive Secretariat Department; Koichi Takahashi, Division Manager of the Administrations Division.

**2. Total Remuneration, etc., to Directors and Audit & Supervisory Board Members**

Title	Number of individuals	Remuneration, etc.
Director	9	¥575 million
Audit & Supervisory Board Member	2	¥25 million
Total	11	¥600 million

- Notes: 1. Remuneration, etc., includes bonuses to Directors in the amount of ¥125 million (¥125 million for Directors) and stock options to Directors in the amount of ¥5 million (¥5 million for Directors).
2. The remuneration limit for Directors is ¥1,000 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders on June 19, 2012.
3. The remuneration limit for Audit & Supervisory Board Members is ¥50 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders of Sammy Corporation on June 25, 2004, and at the Ordinary General Meeting of Shareholders of SEGA CORPORATION on June 29, 2004.

### 3. Main Activities of Outside Directors and Audit & Supervisory Board Members

Title	Name	Major Activities
Outside Director	Yuji Iwanaga	He attended 15 Board of Directors meetings out of the 16 meetings during the year (11 out of 12 regular meetings) and expressed his opinion on professional and managerial view points as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
Outside Director	Takeshi Natsuno	He attended 16 Board of Directors meetings out of the 16 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on managerial viewpoints. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
Outside Audit & Supervisory Board Member	Tomio Kazashi	He attended 16 Board of Directors meetings out of the 16 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on managerial viewpoints. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 14 Audit & Supervisory Board meetings out of the 14 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
Outside Audit & Supervisory Board Member	Toshio Hirakawa	He attended 16 Board of Directors meetings out of the 16 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on managerial viewpoints. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 14 Audit & Supervisory Board meetings out of the 14 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
Outside Audit & Supervisory Board Member	Mineo Enomoto	He attended 14 Board of Directors meetings out of the 16 meetings during the year (11 out of 12 regular meetings) and expressed his opinion on professional and managerial viewpoints as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 13 Audit & Supervisory Board meetings out of the 14 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.



**4. Liability Limitation Agreements for Outside Directors and Audit & Supervisory Board Members**

At the Second Ordinary General Meeting of Shareholders on June 20, 2006, the Company amended its Articles of Incorporation and established regulations regarding liability limitation agreements for Outside Audit & Supervisory Board Members.

An outline of the contents of the liability limitation agreement that the Company has entered into with Outside Audit & Supervisory Board Member Mineo Enomoto is as follows:

(Outline of Liability Limitation Agreement)

The liability to compensate for damages under Article 423, Section 1 of the Companies Act will be limited to the minimum liability set forth by law in the absence of malicious intent or material negligence.

**5. Total Remuneration, etc., to Outside Directors and Audit & Supervisory Board Members**

	Number of individuals	Remuneration, etc.	Remuneration, etc., from subsidiary
Total remuneration, etc., to outside Directors and Audit & Supervisory Board Members	5	¥75 million	¥17 million

**V Independent Auditors**

**1. Name**

KPMG AZSA LLC

**2. Liability Limitation Agreement with Independent Auditors**

Although, the Company amended its articles of incorporation and established regulations regarding liability limitation agreements with independent auditors at the Second Ordinary General Meeting of Shareholders on June 20, 2006, the Company has not entered into the liability limitation agreement with KPMG AZSA LLC.

**3. Remuneration, etc.**

	Remuneration, etc.
Remuneration, etc., related to the fiscal year ended March 31, 2015	¥122 million
Total of cash and other profits that should be paid to independent auditors by the Company and its subsidiaries	¥305 million

Notes: 1. The Company's subsidiaries, Sega Europe Ltd., etc. are audited by auditors that differ from the Company's.

**4. Policy Regarding Determination of Termination or Not Reappointing**

The Company will include in objectives of the General Meeting of Shareholders the dismissal of the independent auditor prescribed in any clause within Article 340, Section 1 of the Companies Act as well as the dismissal or non-reappointment of the independent auditor if it is deemed difficult for the independent auditor to perform its duty appropriately.

## Consolidated Balance Sheet

(As of March 31, 2015)

(Unit: millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>298,260</b>	<b>Current liabilities</b>	<b>86,726</b>
Cash and deposits	102,260	Notes and accounts payable-trade	26,964
Notes and accounts receivable-trade	39,239	Short-term loans payable	13,842
Short-term investment securities	97,210	Current portion of bonds	1,600
Merchandise and finished goods	6,518	Income taxes payable	3,240
Work in process	12,277	Accrued expenses	13,358
Raw materials and supplies	9,967	Provision for bonuses	4,339
Income taxes receivable	6,235	Provision for directors' bonuses	488
Deferred tax assets	6,053	Provision for business restructuring	217
Other	18,887	Provision for point card certificates	36
Allowance for doubtful accounts	(389)	Asset retirement obligations	133
<b>Noncurrent assets</b>	<b>230,637</b>	Deferred tax liabilities	11
<b>Property, plant and equipment</b>	<b>100,272</b>	Other	22,491
Buildings and structures, net	33,079	<b>Noncurrent liabilities</b>	<b>119,498</b>
Machinery, equipment and vehicles, net	7,196	Bonds payable	56,200
Amusement machines and facilities, net	9,866	Long-term loans payable	32,918
Land	39,822	Net defined benefit liability	3,716
Construction in progress	1,782	Provision for directors' retirement benefits	121
Other, net	8,525	Deferred tax liabilities	4,274
<b>Intangible assets</b>	<b>29,071</b>	Deferred tax liabilities for land revaluation	739
Goodwill	14,668	Asset retirement obligations	2,435
Other	14,402	Provision for dismantling of fixed assets	3,395
<b>Investments and other assets</b>	<b>101,293</b>	Other	15,696
Investment securities	70,051	<b>Total liabilities</b>	<b>206,224</b>
Long-term loans receivable	865	<b>Net assets</b>	
Lease and guarantee deposits	14,081	<b>Shareholders' equity</b>	<b>298,824</b>
Deferred tax assets	656	Capital stock	29,953
Other	16,429	Capital surplus	119,282
Allowance for doubtful accounts	(790)	Retained earnings	198,924
		Treasury stock	(49,335)
		<b>Accumulated other comprehensive income</b>	<b>18,726</b>
		Valuation difference on available-for-sale securities	17,794
		Deferred gains or losses on hedges	10
		Revaluation reserve for land	(4,699)
		Foreign currency translation adjustment	3,414
		Remeasurements of defined benefit plans	2,206
		<b>Subscription rights to shares</b>	<b>832</b>
		<b>Minority interests</b>	<b>4,289</b>
		<b>Total net assets</b>	<b>322,673</b>
<b>Total assets</b>	<b>528,898</b>	<b>Total liabilities and net assets</b>	<b>528,898</b>

Note: Figures shown in millions of yen have been rounded down to the nearest million.

## Consolidated Statement of Income

(From April 1, 2014 To March 31, 2015)

(Unit: millions of yen)

Item	Amount	
<b>Net sales</b>		<b>354,921</b>
<b>Cost of sales</b>		<b>220,044</b>
<b>Gross profit</b>		<b>134,876</b>
<b>Selling, general and administrative expenses</b>		<b>117,267</b>
<b>Operating income</b>		<b>17,609</b>
<b>Non-operating income</b>		
Interest income	307	
Dividends income	982	
Equity in earnings of affiliates	26	
Gain on investments in partnership	311	
Gain on bad debts recovered	300	
Other	896	2,825
<b>Non-operating expenses</b>		
Interest expenses	910	
Sales discounts	58	
Commission fee	159	
Loss on investments in partnership	66	
Penalty payment for cancellation of game center lease	2	
Loss on retirement of noncurrent assets	585	
Bond issuance cost	155	
Settlement package	418	
Foreign exchange losses	390	
Other	693	3,441
<b>Ordinary income</b>		<b>16,993</b>

(Unit: millions of yen)

Item	Amount	
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	113	
Gain on sales of shares of subsidiaries and associates	175	
Gain on sales of investment securities	187	
Gain on reversal of subscription rights to shares	196	
Compensation income for expropriation	277	
Other	61	1,013
<b>Extraordinary loss</b>		
Loss on sales of noncurrent assets	80	
Impairment loss	7,881	
Loss on valuation of investment securities	100	
Provision for dismantling of fixed assets	2,778	
Loss on the discontinuance of independent film production	1,826	
Early extra retirement payments	1,868	
Other	1,388	15,924
<b>Income before income taxes and minority interests</b>		<b>2,082</b>
Income taxes-current	5,483	
Income taxes-deferred	6,901	12,384
<b>Loss before minority interests</b>		<b>10,302</b>
Minority interests in income		955
<b>Net loss</b>		<b>11,258</b>

Note: Figures shown in millions of yen have been rounded down to the nearest million.

## Consolidated Statement of Changes in Net Assets

(From April 1, 2014 To March 31, 2015)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of April 1, 2014	29,953	119,312	219,684	(37,971)	330,977
Cumulative effects of changes in accounting policies			711		711
Balances as of April 1, 2014 which reflect changes in accounting policies	29,953	119,312	220,395	(37,971)	331,689
Changes of items during the period					
Dividends from surplus			(9,758)		(9,758)
Net income (loss)			(11,258)		(11,258)
Purchase of treasury stock				(12,601)	(12,601)
Disposal of treasury stock		(30)		1,237	1,207
Change of scope of consolidation			(231)		(231)
Change of scope of equity method			(222)		(222)
Total changes of items during the period	-	(30)	(21,470)	(11,363)	(32,864)
Balances as of March 31, 2015	29,953	119,282	198,924	(49,335)	298,824

	Accumulated other comprehensive income					
	Valuation difference on available - for - sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balances as of April 1, 2014	16,804	0	(4,705)	(2,281)	2,504	12,322
Cumulative effects of changes in accounting policies						
Balances as of April 1, 2014 which reflect changes in accounting policies	16,804	0	(4,705)	(2,281)	2,504	12,322
Changes of items during the period						
Dividends from surplus						
Net income (loss)						
Purchase of treasury stock						
Disposal of treasury stock						
Change of scope of consolidation						
Change of scope of equity method						
Net changes of items other than shareholders' equity	990	9	5	5,695	(297)	6,403
Total changes of items during the period	990	9	5	5,695	(297)	6,403
Balances as of March 31, 2015	17,794	10	(4,699)	3,414	2,206	18,726

(Unit: millions of yen)

	Subscription rights to shares	Minority interests	Total net assets
Balances as of April 1, 2014	1,078	3,892	348,270
Cumulative effects of changes in accounting policies			711
Balances as of April 1, 2014 which reflect changes in accounting policies	1,078	3,892	348,982
Changes of items during the period			
Dividends from surplus			(9,758)
Net income (loss)			(11,258)
Purchase of treasury stock			(12,601)
Disposal of treasury stock			1,207
Change of scope of consolidation			(231)
Change of scope of equity method			(222)
Net changes of items other than shareholders' equity	(245)	397	6,555
Total changes of items during the period	(245)	397	(26,308)
Balances as of March 31, 2015	832	4,289	322,673

Note: Figures shown in millions of yen have been rounded down to the nearest million.

## **Independent Auditor's Report**

May 8, 2015

The Board of Directors  
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Kiyoyuki Sakurai (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Naoya Miyaki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kentaro Maruta (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SEGA SAMMY HOLDINGS INC. as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 444-4 of the Companies Act.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of SEGA SAMMY HOLDINGS INC. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

**Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

**Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.



## Non-Consolidated Balance Sheet

(As of March 31, 2015)

(Unit: millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>64,746</b>	<b>Current liabilities</b>	<b>32,113</b>
Cash and deposits	3,968	Current portion of long-term loans payable	10,600
Accounts receivable-trade	504	Current portion of bonds	1,600
Short-term investment securities	36,910	Accounts payable-other	5,382
Prepaid expenses	233	Income taxes payable	8
Short-term loans receivable from subsidiaries and associates	5,705	Accrued expenses	334
Accounts receivable-other	5,389	Deposits received	13,649
Income taxes receivable	4,465	Unearned revenue	11
Deferred tax assets	5	Provision for bonuses	106
Other	7,564	Provision for directors' bonuses	125
<b>Noncurrent assets</b>	<b>370,579</b>	Other	296
<b>Property, plant and equipment</b>	<b>6,390</b>	<b>Noncurrent liabilities</b>	<b>71,959</b>
Buildings, net	824	Bonds payable	41,200
Structures, net	658	Long-term loans payable	22,988
Machinery and equipment, net	2	Provision for retirement benefits	46
Aircraft, net	2,804	Deferred tax liabilities	7,389
Vehicles, net	66	Other	334
Tools, furniture and fixtures, net	615	<b>Total liabilities</b>	<b>104,073</b>
Land	1,418	<b>Net assets</b>	
Construction in progress	0	<b>Shareholders' equity</b>	<b>315,529</b>
<b>Intangible assets</b>	<b>22</b>	Capital stock	29,953
Software	20	Capital surplus	192,230
Other	1	Legal capital surplus	29,945
<b>Investments and other assets</b>	<b>364,166</b>	Other capital surplus	162,285
Investment securities	37,010	Retained earnings	142,966
Stocks of subsidiaries and affiliates	305,748	Other retained earnings	142,966
Long-term loans receivable from subsidiaries and associates	18,186	Retained earnings brought forward	142,966
Long-term loans receivable	34	Treasury stock	(49,621)
Long-term prepaid expenses	71	<b>Valuation and translation adjustments</b>	<b>14,890</b>
Other	3,632	Valuation difference on available-for-sale securities	14,890
Allowance for doubtful accounts	(517)	<b>Subscription rights to shares</b>	<b>832</b>
		<b>Total net assets</b>	<b>331,252</b>
<b>Total assets</b>	<b>435,326</b>	<b>Total liabilities and net assets</b>	<b>435,326</b>

Note: Figures shown in millions of yen have been rounded down to the nearest million.

## Non-Consolidated Statement of Income

(From April 1, 2014 To March 31, 2015)

(Unit: millions of yen)

Item	Amount	
<b>Operating revenue</b>		
Consulting fee income	5,609	
Dividends income	19,162	24,771
<b>Operating expenses</b>		
Operating expenses	6,848	6,848
<b>Operating income</b>		<b>17,923</b>
<b>Non-operating income</b>		
Interest income	380	
Interest on securities	80	
Dividends income	863	
Income from operation of noncurrent asset	57	
Foreign exchange gains	28	
Other	36	1,447
<b>Non-operating expenses</b>		
Interest expenses	311	
Interest on bonds	238	
Commission fee	139	
Bond issuance cost	155	
Loss on investments in partnership	39	
Provision of allowance for doubtful accounts	7	
Other	38	931
<b>Ordinary income</b>		<b>18,439</b>
<b>Extraordinary income</b>		
Gain on reversal of subscription rights to shares	196	196
<b>Extraordinary loss</b>		
Loss on support to subsidiaries and associates	3,011	
Loss on valuation of shares of subsidiaries and associates	8,317	
Loss on valuation of golf club membership	2	11,330
<b>Income before income taxes</b>		<b>7,305</b>
Income taxes-current	(217)	
Income taxes-deferred	81	(136)
<b>Net income</b>		<b>7,441</b>

Note: Figures shown in millions of yen have been rounded down to the nearest million.

## Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2014 To March 31, 2015)

(Unit: millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balances as of April 1, 2014	29,953	29,945	162,325	192,270
Changes of items during the period				
Dividends from surplus				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(39)	(39)
Total changes of items during the period	—	—	(39)	(39)
Balances as of March 31, 2015	29,953	29,945	162,285	192,230

	Shareholders' equity			
	Retained earnings		Treasury stock	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balances as of April 1, 2014	145,283	145,283	(38,267)	329,239
Changes of items during the period				
Dividends from surplus	(9,758)	(9,758)		(9,758)
Net income	7,441	7,441		7,441
Purchase of treasury stock			(12,601)	(12,601)
Disposal of treasury stock			1,247	1,207
Total changes of items during the period	(2,316)	(2,316)	(11,354)	(13,710)
Balances as of March 31, 2015	142,966	142,966	(49,621)	315,529

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available - for - sale securities	Total valuation and translation adjustments		
Balances as of April 1, 2014	15,771	15,771	1,078	346,088
Changes of items during the period				
Dividends from surplus				(9,758)
Net income				7,441
Purchase of treasury stock				(12,601)
Disposal of treasury stock				1,207
Net changes of items other than shareholders' equity	(880)	(880)	(245)	(1,125)
Total changes of items during the period	(880)	(880)	(245)	(14,836)
Balances as of March 31, 2015	14,890	14,890	832	331,252

Note: Figures shown in millions of yen have been rounded down to the nearest million.

## **Independent Auditor's Report**

May 8, 2015

The Board of Directors  
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Kiyoyuki Sakurai (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Naoya Miyaki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kentaro Maruta (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of SEGA SAMMY HOLDINGS INC. as at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

### **Management's Responsibility for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of SEGA SAMMY HOLDINGS INC. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

**Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

**Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## **Audit Report**

The Audit & Supervisory Board has received the reports of the audit procedures and results concerning the execution of the duties of the Directors during the 11th fiscal year from April 1, 2014 through March 31, 2015 prepared by each of the Audit & Supervisory Board Members. After discussing the reports, we have prepared this Audit Report and report as follows.

### 1. Procedures and details of the audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board established the audit policy, allocation of duties, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding the implementation of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the independent auditor regarding the execution of their duties, and sought explanations as necessary.

Each Audit & Supervisory Board Member complied with the auditing standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, according to the audit policy, allocation of duties, and other relevant matters, communicated with the Directors, the internal audit department, other employees, and any other relevant personnel. We also made efforts to optimize the environment for information collection and audit, and participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, and sought explanations as necessary. We examined important authorized documents and associated information, and investigated the operations and assets at the head office and principal offices.

In addition, we received the periodical reports from Directors, employees, and other relevant personnel, sought explanations as necessary, and expressed our opinions on the status of development and operation of the system for ensuring that the execution of the duties of the Directors conforms to the relevant laws and regulations and the Articles of Incorporation, as well as the details of the resolutions of the Board of Directors regarding the organization of the system stipulated in Article 100, Item 1 and Item 3 of the Enforcement Regulations of the Companies Act and the status of the system (internal control system) based on said resolutions, a necessary measure for ensuring that a joint stock corporation's business is proper.

As to the internal control system associated with financial reports, we received the reports from the Directors and the independent auditor, KPMG AZSA LLC regarding the evaluation of the internal control, and the implementation of audits, and sought explanations as necessary.

With respect to subsidiaries, we communicated and exchanged information with directors, Audit & Supervisory Board members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.

Based on the above methods, we examined the business report and supporting schedules related to the relevant Fiscal Year.

Furthermore, we monitored and verified whether the independent auditor maintained its independence and implemented appropriate audits, and we received reports from the independent auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the independent auditor that "systems for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Corporate Calculation Regulations) were maintained in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the financial statements (balance sheet, statement of income, statement of changes in net assets, and individual notes) and supporting schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) related to the relevant Fiscal Year.

### 2. Result of audit

#### (1) The Report of Business Operations

- 1) In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
- 2) With regard to the execution of the duties of the Directors, we have found no evidence of

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

wrongful action or material violation of the relevant laws and regulations, nor of any violation with respect to the Articles of Incorporation.

- 3) In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the execution of the duties of the Directors regarding the internal control system, including the one associated with financial reports.
- (2) Audit result of the Financial Statements and supporting schedules  
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.
- (3) Audit result of the Consolidated Financial Statements and consolidated supporting schedules  
In our opinion, the audit procedures and audit results received from the independent auditor KPMG AZSA LLC are appropriate.

May 11, 2015

Audit & Supervisory Board,

SEGA SAMMY HOLDINGS INC.

Tomio Kazashi, Standing Audit & Supervisory Board Member

(Outside Audit & Supervisory Board Member)

Toshio Hirakawa, Outside Audit & Supervisory Board Member

Yukito Sakaue, Audit & Supervisory Board Member

Mineo Enomoto, Outside Audit & Supervisory Board Member

## Reference Documents for General Meeting of Shareholders

### Proposals and reference information

#### Proposal 1: To amend certain parts of the Articles of Incorporation

##### 1. Reasons for the amendments

- (1) In order to control and manage companies that have newly entered the SEGA SAMMY Group as a holding company, the Company will add the purposes of the Company and amend them as required.
- (2) In line with the amendment of the scope of corporate officers with whom a company can conclude a contract to limit their liabilities under the Act for Partial Revision of the Companies Act (Act No. 90 of 2014), enforced on May 1, 2015, provisions regarding concluding a contract of limitation of liabilities will be newly established or partially amended. Each Audit & Supervisory Board Member has given consent to the establishment of Article 34 of the proposed amendment.
- (3) In line with the establishment described in (2) above, the Company will conduct necessary moving down of the number of clauses.

##### 2. Details of the amendments

The details of the amendments in the Articles of Incorporation are as follows:

(The modified parts are indicated by underlining.)

Present Articles of Incorporation	Proposed Amendment
Article 1 (Omitted)	Article 1 (Unchanged)
Article 2 (Purpose) The purpose of the Company shall be: to manage and control the business activities of the corporations that conduct the following businesses and businesses equivalent thereto and to engage in operations incidental thereto by owning shares in such corporations:	Article 2 (Purpose) (Unchanged)
(1) to (30) (Omitted)	(1) to (30) (Unchanged)
(31) Operation of entertainment facilities such as amusement centers, game arcades, and amusement parks, hotel facilities, restaurants, golf courses, sports facilities, shopping facilities, cultural facilities, spa facilities, healthcare facilities, Karaoke facilities, parking facilities and car washes; and recruitment and support of franchisees, and sale of franchises through a franchise system of those businesses listed above;	(31) Operation of entertainment facilities such as amusement centers, game arcades, and amusement parks, hotel facilities, restaurants, golf courses, sports facilities, shopping facilities, cultural facilities, spa facilities, healthcare facilities, Karaoke facilities, parking facilities, car washes, <u>sound studios, and clubs with live music</u> ; and recruitment and support of franchisees, and sale of franchises through a franchise system of those businesses listed above;
(32) to (40) (Omitted) (Newly established)	(32) to (40) (Unchanged)
(41) to (57) (Omitted)	(41) <u>Pay employment placement businesses</u> (42) to (58) (Unchanged)
(Newly established)	(59) <u>Operation to manage and control the business activities of the corporations that conduct the businesses set forth in each of the preceding items and businesses equivalent thereto by owning shares in such corporations.</u>



Present Articles of Incorporation	Proposed Amendment
<p>2. (Omitted)</p> <p>Article 3 to 11 (Omitted)</p> <p>Article 12 (Record date) (Omitted)</p> <p>2. In addition to the case of the preceding paragraph or Article 53, the Company may, by giving prior public notice, set a certain date as record date by a resolution of the Board of Directors, if it is necessary in order to define persons entitled to exercise their rights as shareholders or registered share pledgees.</p> <p>Article 13 to 33 (Omitted)</p> <p>(Newly established)</p> <p>Article 34 to 45 (Omitted)</p> <p>Article 46 (Limited liability contract with <u>outside Audit &amp; Supervisory Board Members</u>)                      The Company may, pursuant to the provision of Article 427, paragraph 1 of the Corporate Law, conclude a contract with <u>outside Audit &amp; Supervisory Board Members</u> for the purpose of limiting their liability for compensation, in the case that the requirements of relevant laws and regulations regarding the liability for compensation stipulated in Article 423, paragraph 1 of the said Law are fulfilled; provided, however, that the maximum amount of liability under such contract shall be the minimum liability limit stipulated in relevant laws and regulations.</p> <p>Article 47 to 54 (Omitted)</p>	<p>2. (Unchanged)</p> <p>Article 3 to 11 (Unchanged)</p> <p>Article 12 (Record date) (Unchanged)</p> <p>2. In addition to the case of the preceding paragraph or Article 54, the Company may, by giving prior public notice, set a certain date as record date by a resolution of the Board of Directors, if it is necessary in order to define persons entitled to exercise their rights as shareholders or registered share pledgees.</p> <p>Article 13 to 33 (Unchanged)</p> <p><u>(Limited liability contract with Directors)</u></p> <p>Article 34  <u>The Company may, pursuant to the provision of Article 427, paragraph 1 of the Companies Act, conclude a contract with Directors for the purpose of limiting their liability for compensation, in the case that the requirements of relevant laws and regulations regarding the liability for compensation stipulated in Article 423, paragraph 1 of the said Act are fulfilled; provided, however, that the maximum amount of liability under such contract shall be the minimum liability limit stipulated in relevant laws and regulations.</u></p> <p>Article 35 to 46 (Unchanged)</p> <p>Article 47 (Limited liability contract with <u>Audit &amp; Supervisory Board Members</u>)                      The Company may, pursuant to the provision of Article 427, paragraph 1 of the Corporate Law, conclude a contract with <u>Audit &amp; Supervisory Board Members</u> for the purpose of limiting their liability for compensation, in the case that the requirements of relevant laws and regulations regarding the liability for compensation stipulated in Article 423, paragraph 1 of the said Law are fulfilled; provided, however, that the maximum amount of liability under such contract shall be the minimum liability limit stipulated in relevant laws and regulations.</p> <p>Article 48 to 55 (Unchanged)</p>

**Proposal 2: To elect nine (9) Directors**

The terms of office of all nine (9) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking to elect nine (9) Directors.

The nominees for Directors are as described below:

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned
1	Hajime Satomi (January 16, 1942)	<p>Mar. 1980 President and Representative Director of Sammy Industry Co., Ltd. (now Sammy Corporation)</p> <p>Nov. 2003 Chairman and Director of Sammy NetWorks Co., Ltd.</p> <p>Feb. 2004 Chairman and Representative Director of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>May 2004 Chairman of JAMMA (Japan Amusement Machinery and Manufacturers' Association, Inc.) (current position)</p> <p>Jun. 2004 Chairman, Representative Director and Chief Executive Officer of Sammy Corporation</p> <p>Jun. 2004 Chairman, CEO and Representative Director of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Oct. 2004 Chairman of the Board and Chief Executive Officer of the Company (current position)</p> <p>Mar. 2005 Senior Advisor to NICHYUKYO (Japan Play Equipment Industry Association) (current position)</p> <p>May 2005 Advisor to NDK (Japan Electric Game Manufacturers' Association)</p> <p>Jun. 2005 Chairman and Director of SEGA TOYS CO., LTD.</p> <p>Jun. 2005 Chairman and Director of TMS ENTERTAINMENT CO., LTD.</p> <p>Dec. 2006 Chairman of Japan Amusement Industry Association (current position)</p> <p>May 2007 Chairman of NDK (current position)</p> <p>Jun. 2007 President, Representative Director, Chief Executive Officer and Chief Operating Officer of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>May 2008 Chairman, Representative Director and Chief Executive Officer of the above</p> <p>Mar. 2012 Outside Director of PHOENIX RESORT CO., LTD.</p> <p>Apr. 2012 Chairman of Sammy Corporation</p> <p>May 2012 Director of PHOENIX RESORT CO., LTD.</p> <p>Jun. 2012 Chairman and Director of the above (current position)</p> <p>Jul. 2012 Director of SEGA Networks Co., Ltd (now SEGA Games Co., Ltd.)</p> <p>May 2013 Chairman, Representative Director and Chief Executive Officer of Sammy Corporation (current position)</p> <p>Apr. 2015 Chairman, Representative Director and Chief Executive Officer of SEGA Holdings Co., Ltd. (current position)</p>	33,619,338 shares

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned
2	Naoya Tsurumi (February 8, 1958)	Mar. 1992 Joined Sega Enterprises, Ltd. (now SEGA Games Co., Ltd.)	12,100 shares
		Dec. 2004 Executive Officer of SEGA CORPORATION	
		Sep. 2005 CEO of SEGA PUBLISHING EUROPE LTD.	
		Jun. 2006 Senior Executive Officer of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		Jun. 2006 CEO and President of SEGA HOLDINGS U.S.A., INC.	
		Oct. 2006 Chairman of SEGA OF AMERICA, INC.	
		Oct. 2006 Chairman of SEGA PUBLISHING AMERICA, INC.	
		May 2007 Senior Executive Officer, General Manager of Europe and US Consumer Business Division of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		May 2008 Director, General Manager of Overseas Consumer Business Division of the above	
		May 2009 Director of General Manager of Consumer Business Division of the above	
		Jun. 2009 Managing Director of General Manager of Consumer Business Division of the above	
		Sep. 2009 Chairman of SEGA EUROPE LTD.	
		Jul. 2010 Managing Director, General Manager of Overseas Regional Department of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		Aug. 2010 CEO of SEGA AMUSEMENT EUROPE LTD.	
		Jun. 2011 Managing Director, General Manager of Overseas Regional Department and in charge of Global Consumer Business of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		Apr. 2012 President, Representative Director and Chief Operating Officer of the above	
		May 2012 Vice Chairman and CEO of Sega Jinwin (Shanghai) Amusements Co., Ltd.	
		Jun. 2012 CEO and President of SEGA HOLDINGS EUROPE LTD.	
		Jun. 2012 Director of the Company	
		Jul. 2012 Director of SEGA Networks, Co., Ltd. (now SEGA Games Co., Ltd.)	
		Sep. 2013 President and Representative Director of SEGA DREAM CORPORATION (now ATLUS. CO., LTD.)	
		Apr. 2014 Vice Chairman of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		Apr. 2014 Senior Managing Director and Representative Director of the Company in charge of New Business Development Department, Strategic Planning Department, and Corporate Business Promotion Department (current position)	
Jun. 2014 Vice Chairman and Director of PHOENIX RESORT CO., LTD. (current position)			
Apr. 2015 Vice Chairman of the Board of SEGA Holdings Co., Ltd. (current position)			
Apr. 2015 Chairman, Representative Director of SEGA LIVE CREATION Inc.			
May 2015 Chairman, President, Representative Director of SEGA LIVE CREATION Inc. (current position)			

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned
3	*Koichi Fukazawa (November 2, 1965)	<p>Apr. 1990 Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Jul. 2003 Joined Sammy Corporation</p> <p>Aug. 2003 Executive Officer and General Manager of the President's Office of the above</p> <p>Oct. 2004 Executive Officer and General Manager of the President's Office of the Company</p> <p>Oct. 2004 Executive Officer and General Manager of Chairman and President's Office of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jan. 2005 Director of SEGA SAMMY ASSET MANAGEMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Jun. 2005 Director and General Manager of Chairman and President Office of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jul. 2006 Executive Officer and General Manager of Business Planning Department of the Company</p> <p>Jan. 2007 President and Representative Director of SEGA SAMMY ASSET MANAGEMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Aug. 2007 Senior Executive Officer and in charge of the Corporate Strategy and External Affairs of the Company</p> <p>Oct. 2007 Director and General Manager of Amusement Business Planning Department of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>May 2008 Director and Division Manager of New Business Division of the above</p> <p>Apr. 2009 Officer of Keizai Doyukai (Japan Association of Corporate Executives) (current position)</p> <p>Jun. 2009 Director of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2009 President and Representative Director of SEGASAMMY VISUAL ENTERTAINMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Mar. 2011 President and Representative Director of MARZA ANIMATION PLANET INC.</p> <p>Jun. 2012 Director and in charge of the President's Office of Sammy Corporation</p> <p>Jun. 2013 Senior Executive Officer of the Company</p> <p>Apr. 2014 Senior Managing Director and Representative Director of SEGA TOYS CO., LTD.</p> <p>Apr. 2015 Director of the above (current position)</p> <p>Apr. 2015 Senior Executive Officer, Assistant to Senior Managing Director and in charge of Group Executive Office and Executive Secretariat Department of the Company (current position)</p>	4,900 shares

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned
4	Haruki Satomi (January 11, 1979)	<p>Apr. 2001 Joined KOKUSAI Securities Co., Ltd. (now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</p> <p>Mar. 2004 Joined Sammy Corporation</p> <p>Jan. 2005 Joined SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Oct. 2005 Director of SEGA OF AMERICA, INC.</p> <p>Oct. 2005 Director of Sega Holdings U.S.A., INC.</p> <p>Jul. 2009 Vice President of Digital Business of SEGA OF AMERICA, INC.</p> <p>Oct. 2011 Senior Vice President of Digital Business of SEGA OF AMERICA, INC.</p> <p>Nov. 2011 Director, Sammy NetWorks Co., Ltd.</p> <p>Apr. 2012 President, Representative Director (CEO) of the above (current position)</p> <p>Jun. 2012 Director of SEGA OF AMERICA, INC. (current position)</p> <p>Jun. 2012 Director of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2012 Director of the Company (current position)</p> <p>Jul. 2012 President and CEO, Representative Director of SEGA Networks Co., Ltd. (now SEGA Games Co., Ltd.)</p> <p>Apr. 2014 Director of Sammy Corporation (current position)</p> <p>Jun. 2014 Director of Sanrio Company, Ltd. (current position)</p> <p>Nov. 2014 Executive Vice President and Representative Director of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Apr. 2015 Executive Vice President and Representative Director of SEGA Holdings Co., Ltd. (current position)</p> <p>Apr. 2015 President, Representative Director and Chief Executive Officer of SEGA Games Co., Ltd. (current position)</p>	689,748 shares
5	Shigeru Aoki (January 3, 1952)	<p>May 2005 Joined SEGA CORPORATION (now SEGA Games Co., Ltd.) as Head Councilor</p> <p>Jun. 2005 Corporate Officer and General Manager of Office of China and Asia Business Management of the above</p> <p>Aug. 2006 President of Sega Networks (China) Co., Ltd.</p> <p>Jun. 2008 Executive Officer and General Manager of Business Administration Department of Sammy Corporation</p> <p>Aug. 2008 Executive Officer and General Manager of Corporate Division of the above</p> <p>Apr. 2009 Director and General Manager of Corporate Division of the above</p> <p>Jun. 2011 Managing Director and General Manager of Corporate Division of the above</p> <p>Apr. 2012 President, Representative Director and COO of the above (current position)</p> <p>Jun. 2013 Director of the Company (current position)</p>	24,000 shares

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned
6	Hideki Okamura (February 1, 1955)	Jan. 1987 Joined Sega Enterprises, Ltd. (now SEGA Games Co., Ltd.)	19,112 shares
		Jun. 1997 Director and Deputy Division Manager of Consumer Business Group Division, General Manager of Saturn Business Division of the above	
		Jun. 2000 Director in charge of Dreamcast Business Division of the above	
		Jun. 2002 Vice President and Representative Director of DigiCube Co., Ltd.	
		Jun. 2003 Senior Executive Officer, Division Manager of Consumer Business Group Division of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		Jun. 2004 Director of TMS ENTERTAINMENT CO., LTD.	
		Jun. 2004 Managing Director, Division Manager of Consumer Business Group Division of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		Oct. 2004 Director of the Company	
		Jun. 2007 Director of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		Jun. 2008 President and Representative Director of TMS ENTERTAINMENT CO., LTD.	
		Apr. 2014 Vice Chairman and Director of TMS ENTERTAINMENT CO., LTD.	
		Apr. 2014 President, Representative Director and COO of SEGA CORPORATION (now SEGA Games Co., Ltd.)	
		Jun. 2014 Director of the Company (current position)	
		Apr. 2015 President, Representative Director and Chief Operating Officer of SEGA Holdings Co., Ltd. (current position)	
		Apr. 2015 Chairman of the Board of SEGA Games Co., Ltd. (current position)	
		Apr. 2015 Chairman of the Board of SEGA Interactive Co., Ltd. (current position)	
		Apr. 2015 Chairman, Representative Director of TMS ENTERTAINMENT Co., LTD. (current position)	
		Apr. 2015 Chairman, Representative Director of SEGA TOYS CO., LTD. (current position)	
		Apr. 2015 Chairman, Representative Director of MARZA ANIMATION PLANET INC. (current position)	
		Apr. 2015 Chairman, Representative Director of Index Corporation (current position)	
Apr. 2015 Chairman, Representative Director of DARTSLIVE Co., Ltd. (current position)			

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned
7	Hisao Oguchi (March 5, 1960)	<p>Apr. 1984 Joined Sega Enterprises, Ltd. (now SEGA Games Co., Ltd.)</p> <p>Jun. 2000 Corporate Officer of the above</p> <p>Jun. 2002 Senior Corporate Officer of SEGA CORPORATION</p> <p>Jun. 2003 President and Representative Director of the above</p> <p>Jun. 2004 President, COO and Representative Director of the above</p> <p>Oct. 2004 Vice Chairman and Director of the Company</p> <p>Aug. 2005 CEO of SEGA HOLDINGS EUROPE LTD.</p> <p>May 2006 Chairman of SEGA HOLDINGS U.S.A., INC.</p> <p>Jun. 2007 Executive Vice President and Representative Director of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Feb. 2008 Representative Director of the above</p> <p>May 2008 Director of the above</p> <p>May 2008 Director of Sammy Corporation</p> <p>Jun. 2008 CCO and Director of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2008 CCO and Director of the Company (current position)</p> <p>Nov. 2008 Director, CCO of Sammy Corporation</p> <p>Apr. 2009 Senior Managing Director of Sammy Corporation</p> <p>Jun. 2009 Director of SEGASAMMY VISUAL ENTERTAINMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Apr. 2011 Senior Managing Director, Representative Director of Sammy Corporation</p> <p>Sep. 2011 Director of D×L CREATION Co., Ltd. (current position)</p> <p>Apr. 2012 Vice President, Representative Director of Sammy Corporation</p> <p>Jun. 2013 President and Representative Director of SEGA SAMMY CREATION INC. (current position)</p>	31,500 shares
8	Yuji Iwanaga (April 3, 1941)	<p>Apr. 1964 Joined Tohato Inc.</p> <p>Sep. 1970 Joined General Aircon Inc.</p> <p>Apr. 1981 Registered with the Japan Federation of Bar Associations (current position)</p> <p>Apr. 1981 Joined Yanagita Sakuragi Law Office</p> <p>Sep. 1984 Partner of Lillick McHose and Charles Law Office (Now Pillsbury Winthrop Shaw Pittman LLP) (current position)</p> <p>Dec. 1984 Registered with the State Bar of California (current position)</p> <p>Apr. 2003 Outside Director of Manufacturers Bank</p> <p>Jun. 2005 Outside Director of JMS North America Corporation (current position)</p> <p>Jun. 2006 Outside Director of TAIYO YUDEN CO., LTD. (current position)</p> <p>Jun. 2007 Outside Director of the Company (current position)</p>	—

[English Translation of Convocation Notice Originally Issued in the Japanese Language]

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, Title and Area of Responsibilities at the Company	Number of the Company's Shares Owned
9	Takeshi Natsuno (March 17, 1965)	<p>Apr. 1988 Joined TOKYO GAS Co., Ltd.</p> <p>Sep. 1997 Joined NTT Mobile Communications Network, Inc. (now NTT DOCOMO, Inc.)</p> <p>Jun. 2005 Executive Officer and General Manager of Multimedia Services Department of the above</p> <p>May 2008 Guest Professor, Graduate School of Media and Governance of Keio University</p> <p>Jun. 2008 Outside Director of the Company (current position)</p> <p>Jun. 2008 Director of PIA Corporation (current position)</p> <p>Jun. 2008 Outside Director of transcosmos inc. (current position)</p> <p>Jun. 2008 Director of NTT Resonant Inc. (current position)</p> <p>Jun. 2008 Director of SBI Holdings, Inc.</p> <p>Dec. 2008 Director of DWANGO Co., Ltd. (current position)</p> <p>Jun. 2009 Outside Director of DLE, Ltd. (current position)</p> <p>Sep. 2009 Outside Director of GREE, Inc. (current position)</p> <p>Jan. 2010 Outside Director of bitWallet, Inc. (Now Rakuten Edy, Inc.)</p> <p>Dec. 2010 Outside Director of U-NEXT Co., Ltd. (current position)</p> <p>Apr. 2011 Outside Director of CUUSOO SYSTEM Co., Ltd.</p> <p>Apr. 2013 Guest Professor, Faculty of Environment and Information Studies of Keio University</p> <p>Jun. 2013 Outside Director of TRENTERS, Inc.</p> <p>Nov. 2013 Guest Professor, Graduate School of Media and Governance of Keio University (current position)</p> <p>Oct. 2014 Director, Member of the Board of KADOKAWA DWANGO CORPORATION (current position)</p>	2,000 shares

(A nominee marked with "\*" is a new nominee for Director.)

- Notes:
1. Business arrangements including an outsourcing agreement exist between Hajime Satomi and the Company.
  2. There are no special interests between the Company and the other Director-nominees.
  3. Yuji Iwanaga and Takeshi Natsuno are Outside Director-nominees, and the Company has notified the Tokyo Stock Exchange (TSE) of their inauguration as independent directors under the regulations of TSE.
  4. We seek appointment of Mr. Iwanaga as an Outside Director, as he has performed at a high level in international corporate law and international corporate legal affairs in a global corporation from the viewpoint of an expert international attorney at law. Furthermore, Mr. Iwanaga has business management experience gained in senior corporate management prior to his registration as an attorney. Thus, given Mr. Iwanaga's deep insight into management, he has been judged to be capable of properly performing the duties of an Outside Director.
  5. We seek appointment of Mr. Natsuno as an Outside Director so that the management of the Company may benefit from his extensive managerial experience and broad insight into management.
  6. Mr. Iwanaga and Mr. Natsuno shall have served as Outside Directors of the Company for eight years and seven years, respectively, at the conclusion of this Ordinary General Meeting of Shareholders.



### **Proposal 3: To issue share subscription rights as share options to Directors**

The current annual remuneration amount to Directors was approved to be within ¥1 billion (excluding employee salaries paid to Directors who concurrently serve as employees) at the 8th Ordinary General Meeting of Shareholders held on June 19, 2012. We propose issuing share subscription rights as share options to the Directors excluding Outside Directors, of the Company to be within the annual amount of ¥130 million in addition to the above-mentioned remuneration for Directors.

This remuneration excludes the employee salaries paid to Directors who concurrently serve as employees.

The number of Directors excluding Outside Directors will be seven (7) if Proposal 2 is approved as originally proposed.

#### **1. Reasons why it is appropriate to grant the share subscription rights as remuneration of the Directors of the Company**

The share options will be granted in order to raise the motivation of the Directors of the Company to improve business performance, and to promote management which puts into consideration our shareholders as well as the stock price.

#### **2. Outline of the share subscription rights**

##### **(1) Total number of the share subscription rights to be issued**

The maximum total number of the share subscription rights shall be 2,500 units. If it is appropriate to adjust the relevant number of shares because of a merger, issuance of shares for subscription, a company split, a share split or consolidation of shares in which the Company engages, the Company shall make such adjustment which it considers necessary.

##### **(2) Class and number of shares to be issued upon exercise of the share subscription rights**

The maximum total number of shares issued upon the exercise of the share subscription rights shall be 250,000 common shares of the Company. The number of shares to be issued upon exercise of one (1) unit subscription right shall be 100 shares.

If it is appropriate to adjust the number of shares because of a merger, issuance of shares for subscription, a company split, a share split or consolidation of shares in which the Company engages, the Company shall make such adjustment which it considers necessary.

##### **(3) Cash payment for the share subscription rights**

No cash payment will be required for the share subscription rights.

##### **(4) Amount of property to be contributed upon the exercise of the share subscription rights**

The amount of property to be contributed upon the exercise of the share subscription rights shall be the amount to be gained by multiplying the amount of property paid for one (1) share to be received upon the exercise of the share subscription rights (hereinafter referred to as the "Exercise Price") by the number of shares underlying the relevant share subscription rights.

The Exercise Price shall be the amount to be gained by multiplying 1.05 by the average closing price of regular transactions of the common shares of the Company at the Tokyo Stock Exchange on each day (excluding days where a transaction is not closed) of the month preceding the month in which the share subscription rights were allotted, and any fractional amount of less than one (1) yen resulting from such calculation shall be rounded up. However, if the amount is smaller than the closing price on the day preceding the allotment day of the share subscription rights (if the closing price is not available, the closing price of the latest day prior to the day will be adopted), the closing price shall be the Exercise Price.

If it is appropriate to adjust the Exercise Price because of a merger, issuance of shares for subscription, a company split, a share split or consolidation of shares in which the Company engages, the Company shall make such adjustment which it considers necessary.

(5) Fair value of the share subscription rights

It shall be based on the fair evaluation value to be computed based on the Black-Scholes formula in accordance with various terms such as the Exercise Price.

(6) Period during which the share subscription rights are exercisable

Such period shall be two (2) years from the day on which two (2) years have passed since the day after the day on which the share subscription rights were allotted.

(7) Terms for the exercise of the share subscription rights

A person who has received the allotment of the share subscription rights must be a Director of the Company or in a position equivalent to this as well when the share subscription rights are exercised. However, this does not apply to a case where there is a valid reason, such as retirement due to the expiration of his/her term of office or other reason equivalent to this.

(8) Restriction on acquisition of the share subscription rights by assignment

An acquisition of the share subscription rights by assignment requires the approval of the Board of Directors of the Company.

(9) Capital stock and legal capital surplus that will be increased in cases where shares will be issued as a result of the exercise of share subscription rights

- (i) Capital stock that will be increased in cases where common shares of the Company will be issued as a result of the exercise of share subscription rights must be a half of the maximum capital increase amount obtained by the calculation pursuant to Article 17 of the Corporate Accounting Rules. If the obtained figure has a fraction less than ¥1, the figure is rounded up to the nearest yen.
- (ii) Legal capital surplus that will be increased in cases where common shares of the Company will be issued as a result of the exercise of share subscription rights must be the amount obtained by subtracting the capital stock to be increased as specified in (i) above from the maximum capital increase amount described in (i) above.

(10) Other matters concerning the share subscription rights

Other matters concerning the share subscription rights shall be determined by the Board of Directors of the Company, which determines the subscription requirements of the share subscription rights.

**Proposal 4: To issue share subscription rights as share options to employees of the Company and to directors and employees of its subsidiaries**

We propose issuing share subscription rights as share options to employees of the Company and to directors and employees of its subsidiaries under the provisions of Articles 236, 238 and 239 of the Companies Act, as summarized below.

1. Reasons why the issuance is made under specially advantageous terms

The share option program will be implemented by granting share subscription rights to employees of the Company and to directors and employees of its subsidiaries (including lower-tier subsidiaries; the same shall apply hereinafter) who are engaged in specific businesses in the SEGA SAMMY Group. The purpose is to grant share subscription rights as an incentive for excellent performance of the businesses expecting it will inspire such employees to contribute to the businesses and raise their morale as well as to secure excellent human resources.

2. Outline of the share subscription rights

(1) Total number of the share subscription rights to be issued

The maximum total number of the share subscription rights shall be 1,000 units. If it is appropriate to adjust the relevant number of shares because of a merger, issuance of shares for subscription a company split, a share split or consolidation of shares in which the Company engages, the Company shall make such adjustment which it considers necessary.

(2) Class and number of shares to be issued upon exercise of the share subscription rights

The maximum total number of shares issued upon the exercise of the share subscription rights shall be 100,000 common shares of the Company. The number of shares to be issued upon exercise of one (1) unit subscription right shall be 100 shares.

If it is appropriate to adjust the number of shares because of a merger, issuance of shares for subscription, a company split, a share split or consolidation of shares in which the Company engages, the Company shall make such adjustment which it considers necessary.

(3) Cash payment for the share subscription rights

No cash payment will be required for the share subscription rights.

(4) Amount of property to be contributed upon the exercise of the share subscription rights

The amount of property to be contributed upon the exercise of the share subscription rights shall be the amount to be gained by multiplying the amount of property paid for one (1) share to be received upon the exercise of the share subscription rights (hereinafter referred to as the "Exercise Price," which will be ¥1) by the number of shares underlying the relevant share subscription rights.

(5) Fair value of the share subscription rights

It shall be based on the fair evaluation value to be computed based on the Black-Scholes formula in accordance with various terms such as the Exercise Price.

(6) Period during which the share subscription rights are exercisable

Such period shall be one (1) year from the day on which three (3) years have passed since the day after the day on which the share subscription rights were allotted.

(7) Terms for the exercise of the share subscription rights

A person who has received the allotment of the share subscription rights must be a Director, Audit & Supervisory Board Member or employee of the Company, or a director, Audit & Supervisory Board member or employee of a subsidiary of the Company, or in a position equivalent to this as well when the share subscription rights are exercised. However, this does not apply to a case where there is a valid

reason, such as retirement due to the expiration of his/her term of office or other reason equivalent to this.

(8) Restriction on acquisition of the share subscription rights by assignment

An acquisition of the share subscription rights by assignment requires the approval of the Board of Directors of the Company.

(9) Capital stock and legal capital surplus that will be increased in cases where shares will be issued as a result of the exercise of share subscription rights

- (i) Capital stock that will be increased in cases where common shares of the Company will be issued as a result of the exercise of share subscription rights must be a half of the maximum capital increase amount obtained by the calculation pursuant to Article 17 of the Corporate Accounting Rules. If the obtained figure has a fraction less than ¥1, the figure is rounded up to the nearest yen.
- (ii) Legal capital surplus that will be increased in cases where common shares of the Company will be issued as a result of the exercise of share subscription rights must be the amount obtained by subtracting the capital stock to be increased as specified in (i) above from the maximum capital increase amount described in (i) above.

(10) Other matters concerning the share subscription rights

- (i) The grant period for the share subscription rights subject to this Proposal is one (1) year from the date of approval of this Proposal, or the day before the date on which the next Ordinary General Meeting of Shareholders will be held, whichever comes first. In the period the Company may grant the share subscription rights in multiple times by resolution of the Board of Directors of the Company if it is carried out within the prescribed period and the total number of the share subscription rights is within the prescribed total number.
- (ii) The subscription requirements for the share subscription rights shall be determined by the Board of Directors of the Company.