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Securities Code: 6460
May 27, 2014

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 10th Ordinary General Meeting of Shareholders to be held on June 18, 2014

You are cordially invited to attend the 10th 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 18, 2014 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 17, 2014.

Details of the Meeting

- 1. Date and time:** Wednesday, June 18, 2014 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 10th fiscal year (from April 1, 2013 to March 31, 2014) and results of audits by the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 10th fiscal year (from April 1, 2013 to March 31, 2014)

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 elect one (1) Corporate Auditor
- Proposal 4:** To issue share subscription rights as share options to Directors
- Proposal 5:** To issue share subscription rights as share options to employees of the Company and 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 (Japanese only).
 - * 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 Accounting Auditor and the Board of Corporate Auditors 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.evotep.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, 2013 To March 31, 2014)

I Group's Current Condition

1. Business Development and Results

During the fiscal year ended March 31, 2014, there were growing hopes that the Japanese economy would break out of deflation and experience economic recovery amid the trend toward yen depreciation and rising stock prices backed by the effects of monetary and financial policies. However, uncertainty still prevailed due to factors such as worries over the effect of increase in the consumption tax rate to the economy.

In this climate, with regard to the pachislot and pachinko industry, as orders tended to concentrate on some mainstay products due to pachinko parlor operators becoming increasingly selective about machines, there has been continuing strong replacement demand for new pachislot machines, while replacement demand for new pachinko machines has been rather weak. 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, 2014 amounted to ¥378,011 million (an increase of 17.6% from the previous fiscal year). The Group posted an operating income of ¥38,533 million (an increase of 102.0% from the previous fiscal year) and ordinary income of ¥40,531 million (an increase of 93.8% from the previous fiscal year).

Also, while the Group recorded extraordinary income of ¥15,795 million including gain on sales of investment securities, the Group recorded extraordinary loss of ¥8,782 million including loss on liquidation of subsidiaries and affiliates from realization of foreign currency translation adjustment resulted from the completion of the liquidation of some of the subsidiaries in the U.S. and Europe.

As a result, the Group recorded a net income of ¥30,721 million (a decrease of 8.2% from the previous fiscal year). The main reason for net income of the fiscal year fell short of the previous fiscal year is the Group recorded deferred tax asset related to the tax loss which was resulted from the completion of liquidation of some of the subsidiaries in the U.S. for the amount that would be deductible from the future taxable income in the previous fiscal year.

Result of each segment is as follows

《Pachislot and Pachinko Machines》

In the pachislot machine business, sales of “Pachislot Hokuto No Ken Chapter of Resurrection” and “Pachislot Eureka Seven 2” under the Sammy brand were solid. In spite of the rescheduling of the launch of certain titles, overall sales of the pachislot machines were 301 thousand units and exceeded results for the previous fiscal year.

In the pachinko machine business, although the Group launched “Pachinko CR Hokuto No Ken 5 Hyakuretsu” and “Pachinko CR Monster Hunter” under the Sammy brand, titles other than the major titles performed weakly due to the stagnant market environment. Overall sales of the pachinko machines were 200 thousand units and fell short of the previous fiscal year.

As a result, net sales in this segment were ¥181,984 million (an increase of 27.4% from the previous fiscal year) and operating income was ¥45,292 million (an increase of 92.4% from the previous fiscal year).

Main Pachislot Machines and Units Sold

Model name	Brand	Units sold (Thousands)
Pachislot Hokuto No Ken Chapter of Resurrection	(Sammy)	114
Pachislot Eureka Seven 2	(Sammy)	59
Pachislot Juoh	(Sammy)	43
Pachislot Bakemonogatari	(Sammy)	31
Pachislot Kaiji 3	(GINZA)	25

Main Pachinko Machines and Units Sold

Model name	Brand	Units sold (Thousands)
Pachinko CR Hokuto No Ken 5 Hyakuretsu	(Sammy)	69
Pachinko CR Monster Hunter	(Sammy)	32
Pachinko CR SOUTEN-NO-KEN	(Sammy)	27
CR Kayou Suspense Gekijou	(Taiyo Elec)	18
Pachinko CR Rookies	(Sammy)	12

《Amusement Machine Sales》

In the amusement machine sales business, although the Group launched CVT KITs and expendables such as cards for “WORLD CLUB Champion Football” and reported distribution revenue from revenue sharing titles such as “CODE OF JOKER,” new titles including “THE WORLD of THREE KINGDOMS” struggled due to the harsh market environment. As a result, net sales in this segment were ¥43,855 million (an increase of 2.9% from the previous fiscal year) and operating loss was ¥1,264 million (operating income of ¥1,902 million for the previous fiscal year).

《Amusement Center Operations》

In the amusement center operations business, efforts to reinforce management capabilities of existing amusement centers continued from the previous fiscal year. However, due to the absence of industry-driving titles, sales at existing amusement centers in Japan dipped and registered 96.1% of the level compared to the previous fiscal year.

The Group opened 5 amusement centers and closed 9 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. Meanwhile, from the fiscal year ended March 31, 2014, numbers counted as amusement centers in the domestic market are based on amusement centers (game arcades) directly operated by the Group.

As a result, net sales in this segment were ¥43,227 million (an increase of 1.2% from the previous fiscal year) and operating income was ¥60 million (a decrease of 94.9% from the previous fiscal year).

《Consumer Business》

In the consumer business, although the Group launched multiple titles including “Total War: ROME II” and “Football Manager 2014” in the packaged game software field, sales were low due to the harsh market environment. A year-on-year decline in total volume of packaged software sales to 8,730 thousand copies, which includes 2,800 thousand copies in the U.S., 3,770 thousand copies in Europe, and 2,150 thousand copies in Japan.

In the field of digital game software for mobile phones, smartphones, and PC downloading, performance remained favorable for the online RPG “PHANTASY STAR ONLINE 2” as well as titles for smartphones, “Puyopuyo!! Quest” and “CHAIN CHRONICLE.” Meanwhile, on the pachinko and pachislot game website for mobile phones and PCs, the smartphone version of “777TOWN for Android,” “777TOWN for iOS” and service for DeNA Co., Ltd.’s “Moba7” were enhanced.

Also, the number of titles distributed domestically as of March 31, 2014 was 141 (including 73 Pay-to-play types and 68 Free-to-play types).

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

In the animated films division, theater film “LUPIN THE 3rd VS DETECTIVE CONAN THE MOVIE” recorded an audience of over 3 million and was favorable.

As a result, net sales in this segment were ¥100,541 million (an increase of 18.6% from the previous fiscal year) and operating income was ¥2,089 million (operating loss of ¥732 million for the previous fiscal year).

In addition, a newly established subsidiary, which is a wholly owned subsidiary of SEGA CORPORATION, a subsidiary of the Company, concluded a business transfer agreement with Index Corporation on September 18, 2013 and the business transfer took place on November 1, 2013.

2. Issues to be Addressed

In the pachislot and pachinko machines business, pachinko parlor operators are facing increasingly harsh business conditions due to the widespread practice of lowering ball rental fees and a decline in the number of players. There has also been a tendency for demand to concentrate on large major titles that promise greater profitability. Under these circumstances, while the Group is required to adapt to the changes in the business environment through efforts including development and supply of products with innovative gameplay that meet market needs, we also need to deal with rising development and manufacturing costs caused by products becoming more high-quality.

In the amusement machine sales business, even in the struggling market environment, the Group will seek a broad range of users by not only providing various products from high value added items to household items that meet user needs but also simultaneously enhancing investment efficiency for operators and securing sources of long-term and stable earnings for the Company as a machine manufacturer. At the same time, the Group will also strive to achieve the optimum distribution of management resources into the growing fields of digital game software for mobile phones, smartphones and PC downloading, among others.

In the amusement center operations business, because profits from existing amusement centers will be compressed due to the effects of the increase in the consumption tax rate, the Group’s challenge will be to recover profits by strengthening management capabilities and competitiveness at its amusement centers, acquiring new customers, and by developing new business categories besides the traditional game arcades.

In the packaged game software field of the consumer business, one management issue is how to address the expanding market for new content for the field of digital game software, along with the improvement in profitability through the streamlining of development efforts by focusing on a smaller number of titles. In the toy business and the animated films business, further reinforcement of our business by intra-Group collaboration and other measures is our focus.

The Company set up a “Group Structure Reform Division” on May 9, 2014 to reassess the earnings structure of the entire group from a medium- to long-term perspective and has started the reviewing activities. In the “Group Structure Reform Division,” together with tackling issues in each existing business, we will prepare and implement measures aimed at increasing our earning capacity by the end of the fiscal year ending March 31, 2015 through implementations such as deploying our management resources on growth areas, including new areas.

3. Fund Procurement, etc.

(1) Fund Procurement

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

Regarding fund procurement for the fiscal year ended March 31, 2014, the Company procured ¥11,000 million including public offering of straight bonds, for the purpose of securing medium- to long-term working capital and diversifying means for procuring funds.

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

(2) Capital Expenditures

The Group’s capital expenditures totaled ¥38,182 million, including ¥7,905 million for increasing mold tools, construction of the new factory and other investments in the pachislot and pachinko machines business and ¥7,729 million in capital expenditures related to amusement centers

operated by SEGA ENTERTAINMENT Co., Ltd. and other companies. In addition, there was acquisition of land for the purpose of developing a complex in Centum-city, Busan Metropolitan City, the Republic of Korea.

- (3) Business Transfers, Absorption-type Demergers, and Incorporation-type Demergers
There is no applicable material information for the fiscal year ended March 31, 2014.
- (4) Business Transfer from Other Companies
Business of Index Corporation was transferred on November 1, 2013 to a wholly owned subsidiary newly established by SEGA CORPORATION, a subsidiary of the Company.
- (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, 2014.
- (6) Acquisition or Disposition of Stocks and Other Interests or Share Subscription Rights, etc., of Other Companies
There is no applicable material information for the fiscal year ended March 31, 2014.

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

Fiscal Year		FY2011	FY2012	FY2013	FY2014
		From April 1, 2010 To March 31, 2011	From April 1, 2011 To March 31, 2012	From April 1, 2012 To March 31 2013	From April 1, 2013 To March 31 2014
Net sales	(¥ million)	396,732	395,502	321,407	378,011
Ordinary income	(¥ million)	68,123	58,164	20,914	40,531
Net income	(¥ million)	41,510	21,820	33,460	30,721
Net income per share	(¥)	163.19	86.73	137.14	126.42
Total assets	(¥ million)	458,624	497,451	528,504	542,936
Net assets	(¥ million)	285,461	296,376	320,034	348,270

- Notes: 1. Figures shown in millions of yen have been rounded down to the nearest million.
2. Net income 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-ku, Tokyo)
- (2) Office of the main subsidiaries
 - ① Sammy Corporation
Head Office (Toshima-ku, Tokyo)
Kawagoe Factory (Kawagoe, Saitama)
Branches (8 Branches)
 - ② SEGA CORPORATION
Head Office (Shinagawa-ku, 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) 7,472 (464 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	¥60,000 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
Sammy Design Co., Ltd.	¥40 million	100.0% (Note 1)	Planning/design/construction of pachinko parlors
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

Company	Capital	Percentage ratio of issued shares	Main business
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, development of home video game software
Sammy Networks Co., Ltd.	¥2,330 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, investment advisory business and operation/management of investment business partnership (funds), etc.
Japan Multimedia Services Corporation	¥835 million	95.5%	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

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

2. Business of Index Corporation was transferred to SEGA DREAM CORPORATION, a wholly owned subsidiary newly established by SEGA CORPORATION. Also, SEGA DREAM CORPORATION has changed its trade name to Index Corporation.

8. Main Banks and Borrowings

Lenders	Balance of loans payable
Aozora Bank, Ltd.	¥10,567 million
Resona Bank, Limited.	¥6,850 million
Mitsubishi UFJ Trust and Banking Corporation	¥5,430 million
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥4,925 million
Sumitomo Mitsui Banking Corporation	¥4,885 million
The Bank of Yokohama, Ltd.	¥4,363 million
The Hokuriku Bank, Ltd.	¥3,385 million
Mizuho Bank, Ltd.	¥3,200 million
Others	¥4,511 million
Total	¥48,117 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 second quarter and plans to pay year-end dividends of ¥20 per share, respectively. This reflects the Group's policy of paying dividends to shareholders stably.

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

10. Other Significant Events of the Group

A subsidiary of the Company, RODEO Co., Ltd., has ended the "Basic Agreement on Exclusive Sales Agency Transactions Regarding Sales and Purchase of Pachislot Machines," which was concluded with FIELDS CORPORATION in order to make the profitability of their pachislot and pachinko machines business more robust, on March 31, 2014 due to expiry of the term of contract. Likewise, Sammy Corporation has ended the "Basic Agreement on Representation Transactions Regarding Sales and Purchase of Pachinko Machines" and "Outsourcing Agreement on Representation Management of Designated Agency and Halls," which were concluded with FIELDS CORPORATION, on April 30, 2014. Consultations will be held with FIELDS CORPORATION on other details incidental to the relevant contracts.

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** 89,771

4. Principal shareholders (Top 10)

Name of shareholder	Investment in SEGA SAMMY HOLDINGS	
	Shares held	Shareholding ratio (%)
Hajime Satomi	33,619,338	13.80
FSC Co., Ltd.	12,972,840	5.32
HS Company	10,000,000	4.10
Japan Trustee Services Bank, Ltd. (Trustee)	8,687,100	3.56
The Master Trust Bank of Japan, Ltd. (Trustee)	7,881,200	3.23
State Street Bank and Trust Company	5,751,937	2.36
CBNY-ORBIS SICAV	4,358,332	1.78
BNYM TREATY DTT 15	4,140,114	1.69
MACQUARIE BANK LIMITED - MBL LONDON BRANCH	3,892,000	1.59
JPMorgan Chase Bank 380072	3,822,900	1.56

Note: Shareholding ratio was calculated excluding treasury stock (22,627,725 shares)

III Company's Share Subscription Rights

1. Outline of Share Subscription Rights Issued to the Company's Directors and Corporate Auditors as Remuneration for Their Services as of the End of the Fiscal Year Ended March 31, 2014

Date of Resolutions of the Ordinary General Meeting of Shareholders	June 30, 2010
Number of individuals with rights Company directors	2
Number of share subscription rights (Note 1)	248
Class of shares for share subscription rights	Common stock
Number of shares for share subscription rights	24,800
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)	¥1,312
Period for exercise of share subscription rights	August 1, 2012 – July 31, 2014
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, Corporate Auditor, 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, Corporate Auditor, 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.

Date of Resolutions of the Ordinary General Meeting of Shareholders	December 24, 2010
Number of individuals with rights Company directors	1
Number of share subscription rights (Note 1)	132
Class of shares for share subscription rights	Common stock
Number of shares for share subscription rights	13,200
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)	¥1,753
Period for exercise of share subscription rights	February 2, 2013 – February 1, 2015
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 are 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, Corporate Auditor, 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, Corporate Auditor, 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.

Date of Resolutions of the Ordinary General Meeting of Shareholders	July 31, 2012
Number of individuals with rights Company directors	6
Number of share subscription rights (Note 1)	2,400
Class of shares for share subscription rights	Common stock
Number of shares for share subscription rights	240,000
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, Corporate Auditor, 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, Corporate Auditor, 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, Corporate Auditors, or Employees as Remuneration for Their Services During the Fiscal Year Ended March 31, 2014

Not applicable.

IV Company Directors and Corporate Auditors

1. Directors and Corporate Auditors

Title	Name	Main Responsibilities
Chairman of the Board and Chief Executive Officer	Hajime Satomi	Chairman of the Board, Sammy Corporation Chairman and CEO, SEGA CORPORATION
Director Executive for Group Executive Office, New Business Office, Administrations Division, Group CSR Promotion Office, Group-Related Business Office	Akira Sugano	Director, Sammy Corporation Director, SEGA CORPORATION
Director	Haruki Satomi	Director, SEGA CORPORATION
Director	Naoya Tsurumi	President and Representative Director, SEGA CORPORATION
Director	Hisao Oguchi	
Director	Shigeru Aoki	President and Representative Director, Sammy Corporation
Director	Yuji Iwanaga	Attorney
Director	Takeshi Natsuno	
Standing Corporate Auditor	Tomio Kazashi	
Corporate Auditor	Toshio Hirakawa	Standing Corporate Auditor, Sammy Corporation
Corporate Auditor	Hisashi Miyazaki	Standing Corporate Auditor, SEGA CORPORATION
Corporate Auditor	Mineo Enomoto	Corporate Auditor, 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 corporate auditor as stipulated in Article 2, Clause 16 of the Companies Act.

3. The Company has submitted an Independent Directors/Corporate Auditors Notification Form to register Directors Yuji Iwanaga and Takeshi Natsuno, Standing Corporate Auditor Tomio Kazashi, and Corporate Auditors Toshio Hirakawa and Mineo Enomoto as Independent Directors/Corporate Auditors 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 six executive officers: Shunichi Shimizu, Division Manager of the Administrative Division; Koichi Fukazawa and Takatoshi Akiba, Group-Related Business Office; Koichiro Ueda, General manager of New Business Office; Seiichiro Kikuchi, General manager of Group Executive Office, Corporate Strategy Department, Executive Secretariat Department and Investor Relations Department; Hiroshi Ishikura, Division Manager of the Group Internal Control Office, Group CSR Promotion Office and Internal Audit Office.

5. Director and Adviser Keishi Nakayama retired from office due to resignation on January 20, 2014.

6. Director Naoya Tsurumi took office as Senior Managing Director and Representative Director of the Company on April 1, 2014.

2. Total Remuneration, etc., to Directors and Corporate Auditors

Title	Number of individuals	Remuneration, etc.
Director	9	¥664 million
Corporate Auditor	2	¥25 million
Total	11	¥689 million

- Notes: 1. Remuneration, etc., includes bonuses to directors/corporate auditors in the amount of ¥183 million (¥180 million for directors, ¥3 million for corporate auditors) and stock options to directors in the amount of ¥31 million (¥31 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 corporate auditors 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 Corporate Auditors

Title	Name	Major Activities
Outside Director	Yuji Iwanaga	He attended 20 Board of Directors meetings out of the 20 meetings during the year (11 out of 11 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 20 Board of Directors meetings out of the 20 meetings during the year (11 out of 11 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 Corporate Auditor	Tomio Kazashi	He attended 20 Board of Directors meetings out of the 20 meetings during the year (11 out of 11 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 Corporate Auditors meetings out of the 14 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
Outside Corporate Auditor	Toshio Hirakawa	He attended 20 Board of Directors meetings out of the 20 meetings during the year (11 out of 11 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 Corporate Auditors meetings out of the 14 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
Outside Corporate Auditor	Mineo Enomoto	He attended 18 Board of Directors meetings out of the 20 meetings during the year (11 out of 11 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 Corporate Auditors 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 Corporate Auditors

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 Corporate Auditors.

An outline of the contents of the liability limitation agreement that the Company has entered into with Outside Corporate Auditor 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 Corporate Auditors

	Number of individuals	Remuneration, etc.	Remuneration, etc., from subsidiary
Total remuneration, etc., to outside Directors and Corporate Auditors	5	¥74 million	¥18 million

Notes: 1. The remuneration, etc. includes director's bonuses in the amount of ¥3 million (¥3 million for corporate auditor), that is planned to be paid from the Company.

2. The remuneration, etc. includes director's bonuses in the amount of ¥3 million (¥3 million for corporate auditor), that is planned to be paid from subsidiary.

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, 2014	¥129 million
Total of cash and other profits that should be paid to independent auditors by the Company and its subsidiaries	¥361 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 entrusts the Board of Corporate Auditors with the responsibility for deciding on the dismissal or non-reappointment of the independent auditor, and if any clause within Article 340, Section 1 of the Companies Act is deemed to apply, the independent auditor will be dismissed in accordance with the Company's policy. The Board of Corporate Auditors also determines the reappointment or non-reappointment of the independent auditor upon consideration of the current status related to their performance, etc.

Consolidated Balance Sheet

(As of March 31, 2014)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	318,475	Current liabilities	91,069
Cash and deposits	101,220	Notes and accounts payable-trade	37,292
Notes and accounts receivable-trade	48,108	Short-term loans payable	12,918
Short-term investment securities	107,713	Current portion of bonds	1,700
Merchandise and finished goods	6,130	Income taxes payable	6,288
Work in process	13,610	Accrued expenses	12,255
Raw materials and supplies	16,189	Provision for bonuses	3,868
Income taxes receivable	1,993	Provision for directors' bonuses	614
Deferred tax assets	12,627	Provision for business restructuring	243
Other	11,203	Provision for point card certificates	56
Allowance for doubtful accounts	(323)	Asset retirement obligations	325
Noncurrent assets	224,461	Deferred tax liabilities	5
Property, plant and equipment	102,162	Other	15,499
Buildings and structures, net	34,103	Noncurrent liabilities	103,596
Machinery, equipment and vehicles, net	9,041	Bonds payable	37,800
Amusement machines and facilities, net	9,436	Long-term loans payable	35,198
Land	39,029	Net defined benefit liability	6,053
Construction in progress	2,239	Provision for directors' retirement benefits	146
Other, net	8,311	Deferred tax liabilities	4,294
Intangible assets	31,795	Deferred tax liabilities for land revaluation	745
Goodwill	18,915	Asset retirement obligations	2,165
Other	12,879	Other	17,192
Investments and other assets	90,503	Total liabilities	194,666
Investment securities	60,825	Net assets	
Long-term loans receivable	710	Shareholders' equity	330,977
Lease and guarantee deposits	13,342	Capital stock	29,953
Deferred tax assets	875	Capital surplus	119,312
Other	15,554	Retained earnings	219,684
Allowance for doubtful accounts	(805)	Treasury stock	(37,971)
		Accumulated other comprehensive income	12,322
		Valuation difference on available-for-sale securities	16,804
		Deferred gains or losses on hedges	0
		Revaluation reserve for land	(4,705)
		Foreign currency translation adjustment	(2,281)
		Remeasurements of defined benefit plans	2,504
		Subscription rights to shares	1,078
		Minority interests	3,892
		Total net assets	348,270
Total assets	542,936	Total liabilities and net assets	542,936

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

Consolidated Statement of Income

(From April 1, 2013 To March 31, 2014)

(Unit: millions of yen)

Item	Amount	
Net sales		378,011
Cost of sales		230,040
Gross profit		147,970
Selling, general and administrative expenses		109,437
Operating income		38,533
Non-operating income		
Interest income	341	
Dividends income	917	
Gain on investments in partnership	1,623	
Foreign exchange gains	966	
Other	953	4,802
Non-operating expenses		
Interest expenses	849	
Equity in losses of affiliates	257	
Sales discounts	125	
Commission fee	91	
Loss on investments in partnership	357	
Penalty payment for cancellation of game center lease	18	
Loss on retirement of noncurrent assets	400	
Bond issuance cost	64	
Other	639	2,804
Ordinary income		40,531

(Unit: millions of yen)

Item	Amount	
Extraordinary income		
Gain on sales of noncurrent assets	3,585	
Gain on sales of subsidiaries and affiliates' stocks	21	
Gain on sales of investment securities	11,970	
Other	217	15,795
Extraordinary loss		
Loss on sales of noncurrent assets	9	
Impairment loss	1,799	
Loss on valuation of investment securities	196	
Loss on liquidation of subsidiaries and affiliates	6,601	
Other	176	8,782
Income before income taxes and minority interests		47,545
Income taxes-current	8,131	
Income taxes-deferred	8,098	16,230
Income before minority interests		31,315
Minority interests in income		593
Net income		30,721

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, 2013 To March 31, 2014)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of April 1, 2013	29,953	119,335	198,924	(40,540)	307,673
Changes of items during the period					
Dividends from surplus			(9,701)		(9,701)
Net income			30,721		30,721
Purchase of treasury stock				(55)	(55)
Disposal of treasury stock		(14)		2,623	2,608
Change of scope of consolidation		(8)	(260)		(269)
Total changes of items during the period	—	(23)	20,759	2,568	23,304
Balances as of March 31, 2014	29,953	119,312	219,684	(37,971)	330,977

	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, 2013	27,385	—	(4,705)	(14,601)	—	8,078
Changes of items during the period						
Dividends from surplus						
Net income						
Purchase of treasury stock						
Disposal of treasury stock						
Change of scope of consolidation						
Net changes of items other than shareholders' equity	(10,581)	0	—	12,319	2,504	4,243
Total changes of items during the period	(10,581)	0	—	12,319	2,504	4,243
Balances as of March 31, 2014	16,804	0	(4,705)	(2,281)	2,504	12,322

(Unit: millions of yen)

	Subscription rights to shares	Minority interests	Total net assets
Balances as of April 1, 2013	1,146	3,136	320,034
Changes of items during the period			
Dividends from surplus			(9,701)
Net income			30,721
Purchase of treasury stock			(55)
Disposal of treasury stock			2,608
Change of scope of consolidation			(269)
Net changes of items other than shareholders' equity	(68)	756	4,931
Total changes of items during the period	(68)	756	28,235
Balances as of March 31, 2014	1,078	3,892	348,270

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

Independent Auditor's Report

May 8, 2014

The Board of Directors
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Kiyoyuki Sakurai
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naoya Miyaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroyuki Nakamura
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, 2014 and for the year from April 1, 2013 to March 31, 2014 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, 2014)

(Unit: millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	48,480	Current liabilities	37,679
Cash and deposits	7,385	Current portion of long-term loans payable	10,600
Accounts receivable-trade	475	Current portion of bonds	1,600
Short-term investment securities	19,911	Accounts payable-other	16,660
Prepaid expenses	241	Income taxes payable	195
Short-term loans receivable from subsidiaries and affiliates	5,177	Accrued expenses	362
Accounts receivable-other	13,325	Deposits received	7,741
Income taxes receivable	1,746	Unearned revenue	23
Deferred tax assets	86	Provision for bonuses	126
Other	130	Provision for directors' bonuses	183
Noncurrent assets	389,849	Other	185
Property, plant and equipment	6,843	Noncurrent liabilities	54,561
Buildings, net	847	Bonds payable	22,800
Structures, net	691	Long-term loans payable	22,588
Machinery and equipment, net	2	Provision for retirement benefits	78
Aircraft, net	3,312	Deferred tax liabilities	8,836
Vehicles, net	81	Other	258
Tools, furniture and fixtures, net	489	Total liabilities	92,241
Land	1,418	Net assets	
Intangible assets	25	Shareholders' equity	329,239
Right of trademark	1	Capital stock	29,953
Software	22	Capital surplus	192,270
Other	2	Legal capital surplus	29,945
Investments and other assets	382,980	Other capital surplus	162,325
Investment securities	35,078	Retained earnings	145,283
Stocks of subsidiaries and affiliates	327,051	Other retained earnings	145,283
Long-term loans receivable from subsidiaries and affiliates	19,381	Retained earnings brought forward	145,283
Long-term loans receivable	41	Treasury stock	(38,267)
Long-term prepaid expenses	12	Valuation and translation adjustments	15,771
Other	3,591	Valuation difference on available-for-sale securities	15,771
Allowance for doubtful accounts	(2,176)	Subscription rights to shares	1,078
		Total net assets	346,088
Total assets	438,330	Total liabilities and net assets	438,330

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

Non-Consolidated Statement of Income

(From April 1, 2013 To March 31, 2014)

(Unit: millions of yen)

Item	Amount	
Operating revenue		
Consulting fee income	5,440	
Dividends income	10,171	15,611
Operating expenses		
Operating expenses	7,087	7,087
Operating income		8,524
Non-operating income		
Interest income	244	
Interest on securities	20	
Dividends income	684	
Income from operation of noncurrent asset	94	
Gain on investments in partnership	800	
Foreign exchange gains	912	
Other	73	2,829
Non-operating expenses		
Interest expenses	367	
Interest on bonds	142	
Commission fee	37	
Bond issuance cost	64	
Loss on investments in partnership	139	
Other	142	893
Ordinary income		10,461
Extraordinary income		
Gain on sales of noncurrent assets	10	
Gain on sales of investment securities	10,422	
Gain on reversal of subscription rights to shares	0	10,433
Extraordinary loss		
Provision of allowance for doubtful accounts	2,176	
Loss on valuation of shares of subsidiaries and associates	720	2,896
Income before income taxes		17,997
Income taxes-current	2,869	
Income taxes-deferred	(44)	2,824
Net income		15,173

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, 2013 To March 31, 2014)

(Unit: millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balances as of April 1, 2013	29,953	29,945	162,360	192,305
Changes of items during the period				
Dividends from surplus				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(35)	(35)
Total changes of items during the period	—	—	(35)	(35)
Balances as of March 31, 2014	29,953	29,945	162,325	192,270

	Shareholders' equity			
	Retained earnings		Treasury stock	Total shareholders' equity
	Other retained earnings	Total retained earnings		
	Retained earnings brought forward			
Balances as of April 1, 2013	139,811	139,811	(40,855)	321,213
Changes of items during the period				
Dividends from surplus	(9,701)	(9,701)		(9,701)
Net income	15,173	15,173		15,173
Purchase of treasury stock			(55)	(55)
Disposal of treasury stock			2,643	2,608
Total changes of items during the period	5,471	5,471	2,588	8,025
Balances as of March 31, 2014	145,283	145,283	(38,267)	329,239

	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, 2013	26,271	26,271	1,146	348,631
Changes of items during the period				
Dividends from surplus				(9,701)
Net income				15,173
Purchase of treasury stock				(55)
Disposal of treasury stock				2,608
Net changes of items other than shareholders' equity	(10,500)	(10,500)	(68)	(10,568)
Total changes of items during the period	(10,500)	(10,500)	(68)	(2,543)
Balances as of March 31, 2014	15,771	15,771	1,078	346,088

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

Independent Auditor's Report

May 8, 2014

The Board of Directors
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

Kiyoyuki Sakurai
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naoya Miyaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroyuki Nakamura
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, 2014 and for the year from April 1, 2013 to March 31, 2014 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 Board of Corporate Auditors has received the reports of the audit procedures and results concerning the execution of the duties of the Directors during the 10th fiscal year from April 1, 2013 through March 31, 2014 prepared by each of the auditors. After discussing the reports, we have prepared this Audit Report and report as follows.

1. Procedures and details of the audits by the Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established the audit policy, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor 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 Corporate Auditor complied with the auditing standards for Corporate Auditors established by the Board of Corporate Auditors, 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, corporate auditors, 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 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 9, 2014
Board of Corporate Auditors,
SEGA SAMMY HOLDINGS INC.
Tomio Kazashi, Standing Corporate Auditor
(Outside Auditor)
Toshio Hirakawa, Corporate Auditor
(Outside Auditor)
Hisashi Miyazaki, Corporate Auditor
Mineo Enomoto, Corporate Auditor
(Outside Auditor)

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 newly establish, amend or sort out a part of provisions of the purpose of the Company.
- (2) In line with the aforementioned establishment, amendment and sorting out of provisions, the Company will move up or down clauses or items, and partly amend the wording.

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 (4) (Omitted)	(1) to (4) (Unchanged)
(5) Planning, development, production, marketing and consulting of computer software, and computer systems;	[Moved down (new number: Article 2, paragraph 1, item 10)]
(6) (Omitted)	(5) (Unchanged)
(7) Planning, design, development, administration, operation and maintenance of network systems, such as the Internet, computer networks, cell phones, car navigation systems, and television game networks, etc.;	[Moved down (new number: Article 2, paragraph 1, item 11)]
(8) Marketing, dealership, importing and exporting, manufacture, processing, installation and maintenance of telecommunications equipment and peripheral equipment and terminal units equipment thereof and dealership concerning the subscription of telecommunications service;	(6) <u>Planning, development, consulting, marketing, dealership, importing and exporting, manufacture, processing, installation and maintenance of telecommunications equipment and peripheral equipment and terminal units equipment thereof as well as audio-visuals, and dealership concerning the subscription of telecommunications service;</u>
[Moved up (present number: Article 2, paragraph 1, item 36)]	(7) Planning, manufacture, marketing, importing and exporting of three dimensional vision equipment and planning, manufacture, marketing, importing and exporting of image processing systems;

Present Articles of Incorporation	Proposed Amendment
<p>[Moved up (present number: Article 2, paragraph 1, item 37)]</p> <p>[Moved up (present number: Article 2, paragraph 1, item 38)]</p> <p>(9) Construction work, installation work, interior and exterior decoration work, and installation of machines and equipment;</p> <p>(10) Planning, design, construction, and administration of various facilities, such as commercial and industrial facilities, and educational facilities, building equipment, and displays;</p> <p>(11) Manufacture and marketing of various construction materials;</p> <p>(12) Maintenance of buildings and related facilities, as well as providing invitation of and guidance to member shops on franchise systems and marketing of cleanup products (carpets, mops, cloth, rolls of towels, air fresheners for bathrooms and home, air purifiers, and water purifiers) and lease thereof;</p> <p>(13) 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;</p> <p>(14) Planning, management and operation of a variety of events such as sports, entertainment, theater plays, theatrical entertainment, movies, and concerts;</p>	<p>(8) Planning, development, manufacture, marketing, importing and exporting of jet skis, motor boats, and scuba diving equipment, fabric products for clothing, fur clothing, dry goods for clothing, dress accessories, accessories, leather goods, shoes, suitcases, bags, indoor ornament, furniture, arts and crafts, watches, glasses, acoustic instruments, home appliances, cosmetics, medical consumables, and medical equipment;</p> <p>(9) Planning, development, manufacture, marketing, importing and exporting of gems, precious metals, antiques, cameras, stationery, books, magazines, musical instruments, sports gear, DIY tools, gardening tools, fertilizers, feed, soil conditioners, automobiles, automobile parts, automobile goods, bicycles, food, <u>dietary supplement, food for specified health use</u>, alcoholic beverages, soft drinks, tobaccos, daily necessities, system equipment for emergency notification for the prevention of crimes, fires and disaster damages, disposal units of industrial wastes (kitchen garbage), photovoltaic generators, food processing machines and equipment;</p> <p>[Moved down (new number: Article 2, paragraph 1, item 26)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 27)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 28)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 29)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 31)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 33)]</p>

Present Articles of Incorporation	Proposed Amendment
<p>[Moved down (present number: Article 2, paragraph 1, item 5)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 7)]</p> <p>(15) Information services to collect, analyze, process and provide a variety of information;</p> <p>[Moved up (present number: Article 2, paragraph 1, item 39)]</p> <p>[Moved up (present number: Article 2, paragraph 1, item 47)]</p> <p>(16) to (18) (Omitted) (Newly established)</p> <p>[Moved up (present number: Article 2, paragraph 1, item 27)]</p> <p>(19) Advertising and publicity businesses (Newly established)</p> <p>(20) to (21) (Omitted) (Newly established)</p> <p>(22) <u>Management and promotion of entertainment talent and artists;</u></p> <p>(23) School management concerning the training of scenario writers, voice actors, film-making engineers and others;</p> <p>(24) Planning and management of early capability development targeting preschool children;</p> <p>(25) Planning, development, manufacture and marketing of character goods;</p> <p>(26) Administration, acquisition, licensing, sale and purchase, and leasing of industrial property rights, including patent rights, utility model rights, design rights, and trademark rights, and intangible property rights, including copyright, copyright neighboring rights, and merchandising rights, and studying on the use thereof;</p> <p>[Moved up (present number: Article 2, paragraph 1, item 35)]</p> <p>[Moved up (present number: Article 2, paragraph 1, item 45)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 9)]</p>	<p>(10) Planning, development, production, marketing and consulting of computer software, and computer systems;</p> <p>(11) Planning, design, development, administration, operation and maintenance of network systems, such as the Internet, computer networks, cell phones, car navigation systems, and television game networks, etc.;</p> <p>(12) Information services to collect, analyze, process, <u>market, import, export</u> and provide a variety of information;</p> <p>(13) Creation, marketing and maintenance of databases;</p> <p>(14) Information and software provision service through domestic and global VAN (value added network);</p> <p>(15) to (17) (Unchanged)</p> <p>(18) <u>Planning, production, marketing, import and export of digital content;</u></p> <p>(19) Publishing;</p> <p>[Moved down (new number: Article 2, paragraph 1, item 43)]</p> <p>(20) <u>Production, issuance and marketing of newspapers;</u></p> <p>(21) to (22) (Unchanged)</p> <p>(23) <u>Intermediary and wholesale business using computer for promotion of product circulation among businesses;</u> (Deleted)</p> <p>[Moved down (new number: Article 2, paragraph 1, item 46)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 47)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 49)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 50)]</p> <p>(24) Mail order sale;</p> <p>(25) Trading in antiques;</p> <p>(26) Construction work, installation work, interior and exterior decoration work, and installation of machines and equipment;</p>

Present Articles of Incorporation	Proposed Amendment
<p>[Moved down (present number: Article 2, paragraph 1, item 10)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 11)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 12)]</p> <p>(27) Publishing;</p> <p>(28) (Omitted)</p> <p>[Moved down (present number: Article 2, paragraph 1, item 13)]</p> <p>[Moved up (present number: Article 2, paragraph 1, item 49)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 14)]</p> <p>[Moved up (present number: Article 2, paragraph 1, item 44)]</p> <p>[Moved up (present number: Article 2, paragraph 1, item 48)]</p> <p>(Newly established)</p> <p>[Moved up (present number: Article 2, paragraph 1, item 50)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 32)]</p> <p>(Newly established)</p> <p>[Moved down (present number: Article 2, paragraph 1, item 33)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 40)]</p> <p>(Newly established)</p> <p>[Moved down (present number: Article 2, paragraph 1, item 19)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 34)]</p> <p>(Newly established)</p>	<p>(27) Planning, design, construction, and administration of various facilities, such as commercial and industrial facilities, and educational facilities, building equipment, and displays;</p> <p>(28) Manufacture and marketing of various construction materials;</p> <p>(29) Maintenance of buildings and related facilities, as well as providing invitation of and guidance to member shops on franchise systems and marketing of cleanup products (carpets, mops, cloth, rolls of towels, air fresheners for bathrooms and home, air purifiers, and water purifiers) and lease thereof;</p> <p>[Moved up (new number: Article 2, paragraph 1, item 19)]</p> <p>(30) (Unchanged)</p> <p>(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;</p> <p>(32) Laundry business;</p> <p>(33) Planning, management and operation of a variety of events such as sports, entertainment, theater plays, theatrical entertainment, movies, and concerts;</p> <p>(34) Business concerning rights for mineral springs;</p> <p>(35) Gardening construction and forestry management businesses;</p> <p>(36) <u>Development of tourism services;</u></p> <p>(37) Tour business under the Travel Agency Act;</p> <p>(38) Serving as a travel agent;</p> <p>(39) <u>Management of entertainment talent and artists and operation of entertainment and modeling agencies;</u></p> <p>(40) Specific employment agency business;</p> <p>(41) Management of conference halls as well as planning and management of meetings;</p> <p>(42) <u>Interpretation and translation services as well as planning and management thereof;</u></p> <p>(43) Advertising and publicity businesses;</p> <p>(44) Management consulting;</p> <p>(45) <u>Marketing research;</u></p>

Present Articles of Incorporation	Proposed Amendment
<p>[Moved down (present number: Article 2, paragraph 1, item 23)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 24)] (Newly established)</p> <p>[Moved down (present number: Article 2, paragraph 1, item 25)]</p> <p>[Moved down (present number: Article 2, paragraph 1, item 26)]</p> <p>(29) to (31) (Omitted)</p> <p>(32) Serving as a travel agent;</p> <p>(33) Specific employment agency business;</p> <p>(34) Management consulting;</p> <p>(35) Mail order sale;</p> <p>(36) Planning, manufacture, marketing, importing and exporting of three dimensional vision equipment and planning, manufacture, marketing, importing and exporting of image processing systems;</p> <p>(37) Planning, development, manufacture, marketing, importing and exporting of jet skis, motor boats, and scuba diving equipment, fabric products for clothing, fur clothing, dry goods for clothing, dress accessories, accessories, leather goods, shoes, suitcases, bags, indoor ornament, furniture, arts and crafts, watches, glasses, acoustic instruments, home appliances, cosmetics, medical consumables, and medical equipment;</p> <p>(38) Planning, development, manufacture, marketing, importing and exporting of gems, precious metals, antiques, cameras, stationery, books, magazines, musical instruments, sports gear, DIY tools, gardening tools, fertilizers, feed, soil conditioners, automobiles, automobile parts, automobile goods, bicycles, food, alcoholic beverages, soft drinks, tobaccos, daily necessities, system equipment for emergency notification for the prevention of crimes, fires and disaster damages, disposal units of industrial wastes (kitchen garbage), photovoltaic generators, food processing machines and equipment;</p> <p>(39) Creation, marketing and maintenance of databases;</p>	<p>(46) School management concerning the training of scenario writers, voice actors, film-making engineers and others;</p> <p>(47) Planning and management of early capability development targeting preschool children;</p> <p>(48) <u>Planning, management, import and export of learning classrooms;</u></p> <p>(49) Planning, development, manufacture and marketing of character goods;</p> <p>(50) Administration, acquisition, licensing, sale and purchase, and leasing of industrial property rights, including patent rights, utility model rights, design rights, and trademark rights, and intangible property rights, including copyright, copyright neighboring rights, and merchandising rights, and studying on the use thereof;</p> <p>(51) to (53) (Unchanged)</p> <p>[Moved down (new number: Article 2, paragraph 1, item 38)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 40)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 44)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 24)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 7)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 8)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 9)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 13)]</p>

Present Articles of Incorporation	Proposed Amendment
<p>(40) Management of conference halls as well as planning and management of meetings;</p> <p>(41) (Omitted) [Moved down (present number: Article 2, paragraph 1, item 46)]</p> <p>(42) to (43) (Omitted)</p> <p>(44) Business concerning rights for mineral springs;</p> <p>(45) Trading in antiques;</p> <p>(46) Warehousing;</p> <p>(47) Information and software provision service through domestic and global VAN (value added network);</p> <p>(48) Gardening construction and forestry management businesses;</p> <p>(49) Laundry business;</p> <p>(50) Tour business under the Travel Agency Act;</p>	<p>[Moved down (new number: Article 2, paragraph 1, item 41)]</p> <p>(54) (Unchanged)</p> <p>(55) Warehousing;</p> <p>(56) to (57) (Unchanged)</p> <p>[Moved up (new number: Article 2, paragraph 1, item 34)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 25)]</p> <p>[Moved down (new number: Article 2, paragraph 1, item 55)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 14)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 35)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 32)]</p> <p>[Moved up (new number: Article 2, paragraph 1, item 37)]</p>
<p>2. (Omitted)</p>	<p>2. (Unchanged)</p>
<p>Articles 3 to 54 (Omitted)</p>	<p>Articles 3 to 54 (Unchanged)</p>

Note: Some underlining does not coincide with the Japanese version because of translation adjustments.

Proposal 2: To elect nine (9) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking to elect nine (9) Directors, increasing the number of Directors by one (1) in order to further enhance the management structure.

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. (current position)</p> <p>Feb. 2004 Chairman and Representative Director of SEGA CORPORATION</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</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. (current position)</p> <p>Jun. 2005 Chairman and Director of TMS ENTERTAINMENT CO., LTD. (current position)</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</p> <p>May 2008 Chairman, Representative Director and Chief Executive Officer of the above (current position)</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 (current position)</p> <p>May 2013 Chairman, Representative Director and Chief Executive Officer of Sammy Corporation (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)	<p>Mar. 1992 Joined Sega Enterprises, Ltd. (now SEGA CORPORATION)</p> <p>Dec. 2004 Executive Officer of SEGA CORPORATION</p> <p>Sep. 2005 CEO of SEGA PUBLISHING EUROPE LTD.</p> <p>Jun. 2006 Senior Executive Officer of SEGA CORPORATION</p> <p>Jun. 2006 CEO and President of SEGA HOLDINGS U.S.A., INC.</p> <p>Oct. 2006 Chairman of SEGA OF AMERICA, INC.</p> <p>Oct. 2006 Chairman of SEGA PUBLISHING AMERICA, INC.</p> <p>May 2007 Senior Executive Officer, General Manager of Europe and US Consumer Business Division of SEGA CORPORATION</p> <p>May 2008 Director, General Manager of Overseas Consumer Business Division of the above</p> <p>May 2009 Director of General Manager of Consumer Business Division of the above</p> <p>Jun. 2009 Managing Director of General Manager of Consumer Business Division of the above</p> <p>Sep. 2009 Chairman of SEGA EUROPE LTD.</p> <p>Jul. 2010 Managing Director, General Manager of Overseas Regional Department of SEGA CORPORATION</p> <p>Aug. 2010 CEO of SEGA AMUSEMENT EUROPE LTD.</p> <p>Jun. 2011 Managing Director, General Manager of Overseas Regional Department and in charge of Global Consumer Business of SEGA CORPORATION</p> <p>Apr. 2012 President, Representative Director and Chief Operating Officer of the above</p> <p>May 2012 Vice Chairman and CEO of Sega Jinwin (Shanghai) Amusements Co., Ltd.</p> <p>Jun. 2012 CEO and President of SEGA HOLDINGS EUROPE LTD.</p> <p>Jun. 2012 Director of the Company</p> <p>Jul. 2012 Director of SEGA Networks, Co., Ltd. (current position)</p> <p>Sep. 2013 President and Representative Director of SEGA DREAM CORPORATION (now ATLUS. CO., LTD.)</p> <p>Apr. 2014 Vice Chairman of SEGA CORPORATION (current position)</p> <p>Apr. 2014 Senior Managing Director and Representative Director of the Company (current position)</p>	3,000 shares

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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	Akira Sugano (March 8, 1964)	<p>Dec. 1998 Manager of Business Planning Office of Sega Enterprises, Ltd. (now SEGA CORPORATION)</p> <p>Jun. 2000 Executive Officer in charge of group business strategy of the above</p> <p>Jun. 2001 Corporate Auditor of SEGA TOYS CO., LTD.</p> <p>Jun. 2002 Senior Executive Officer and General Manager of Finance Department of SEGA CORPORATION</p> <p>Feb. 2004 Senior Executive Officer, General Manager of Finance Department, General Manager of Business Planning Department and General Manager of the President's Office of the above</p> <p>Jun. 2004 Director in charge of Corporate Department of the above</p> <p>Oct. 2004 Executive Officer of the Company</p> <p>Jun. 2008 Director and General Manager of Corporate Division of SEGA CORPORATION</p> <p>May 2009 Director of the above</p> <p>Jun. 2009 Senior Managing Director, General Manager of Corporate Department of SEGA TOYS CO., LTD.</p> <p>Dec. 2009 Executive Vice President and Director, General Manager of Corporate Department, General Manager of Business Planning Office of the above</p> <p>Jan. 2010 Executive Vice President, Director, and General Manager of Business Control Department of the above</p> <p>Jun. 2010 Executive Vice President and Representative Director, General Manager of Business Control Department of the above</p> <p>May 2011 Executive Vice President and Representative Director of the above</p> <p>May 2013 Senior Executive Officer of the Company</p> <p>Jun. 2013 Director of SEGA TOYS CO., LTD. (current position)</p> <p>Jun. 2013 Director of SEGA CORPORATION (current position)</p> <p>Jun. 2013 Director of Sammy Corporation (current position)</p> <p>Jun. 2013 Director of the Company (current position)</p>	9,052 shares
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</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. (current position)</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 CORPORATION (current position)</p> <p>Jun. 2012 Director of the Company (current position)</p> <p>Jul. 2012 President and CEO, Representative Director of SEGA Networks Co., Ltd. (current position)</p> <p>Apr. 2014 Director of Sammy Corporation (current position)</p>	475,648 shares

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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
5	Shigeru Aoki (January 3, 1952)	<p>May 2005 Joined SEGA CORPORATION 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>	17,000 shares
6	*Hideki Okamura (February 1, 1955)	<p>Jan. 1987 Joined Sega Enterprises, Ltd. (now SEGA CORPORATION)</p> <p>Jun. 1997 Director and Deputy Division Manager of Consumer Business Group Division, General Manager of Saturn Business Division of the above</p> <p>Jun. 2000 Director in charge of Dreamcast Business Division of the above</p> <p>Jun. 2002 Vice President and Representative Director of DigiCube Co., Ltd.</p> <p>Jun. 2003 Senior Executive Officer, Division Manager of Consumer Business Group Division of SEGA CORPORATION</p> <p>Jun. 2004 Director of TMS ENTERTAINMENT CO., LTD.</p> <p>Jun. 2004 Managing Director, Division Manager of Consumer Business Group Division of SEGA CORPORATION</p> <p>Oct. 2004 Director of the Company</p> <p>Jun. 2007 Director of SEGA CORPORATION</p> <p>Jun. 2008 President and Representative Director of TMS ENTERTAINMENT CO., LTD.</p> <p>Apr. 2014 Vice Chairman and Director of TMS ENTERTAINMENT CO., LTD. (current position)</p> <p>Apr. 2014 President, Representative Director and COO of SEGA CORPORATION (current position)</p>	19,112 shares

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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 CORPORATION)</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</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</p> <p>Jun. 2008 CCO and Director of the Company (current position)</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>	22,400 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 Pilsbury 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 TRENDERS, Inc. (current position)</p> <p>Nov. 2013 Guest Professor, Graduate School of Media and Governance of Keio University (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 seven years and six years, respectively, at the conclusion of this Ordinary General Meeting of Shareholders.

Proposal 3: To elect one (1) Corporate Auditor

Corporate Auditor Hisashi Miyazaki will resign at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking the election of one (1) Corporate Auditor.

The term of office of Yukito Sakaue, the nominee for Corporate Auditor, shall be the remaining term of the Corporate Auditor who has retired from office according to the Articles of Incorporation since the nominee is to be elected as the substitute for Corporate Auditor Hisashi Miyazaki.

We have obtained the consent of the Board of Corporate Auditors with respect to the submission of this proposal.

The nominee for Corporate Auditor is as described below:

Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company and Title at the Company	Number of the Company's Shares Owned
Yukito Sakaue (December 23, 1951)	Apr. 2003 Joined Sammy Corporation as General Manager of Audit Office	3,100 shares
	Jan. 2004 General Manager of Legal Department of Administration Division of the above	
	Nov. 2006 General Manager of Corporate Auditors' Office of the Company (current position)	

Note: There are no special interests between the nominee for Corporate Auditor and the Company.

Proposal 4: 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 ¥150 million in addition to the above-mentioned remuneration for Directors.

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

Currently the number of Directors excluding Outside Directors is six (6). If Proposal 2 is approved as originally proposed, the number will increase to seven (7).

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 5: To issue share subscription rights as share options to employees of the Company and of its subsidiaries

We propose issuing share subscription rights as share options to employees of the Company and 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 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, Corporate Auditor or employee of the Company, or a director, corporate auditor 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.