

**【Note】 This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.  
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.**

Securities Code: 6460  
June 1, 2017

Haruki Satomi  
President (Representative Director)  
**SEGA SAMMY HOLDINGS INC.**  
Shiodome Sumitomo Building,  
1-9-2 Higashi Shimbashi, Minato-ku, Tokyo, Japan

Dear Shareholders:

## **Notice of the 13th Ordinary General Meeting of Shareholders to be held on June 23, 2017**

You are cordially invited to attend the 13th Ordinary General Meeting of Shareholders of SEGA SAMMY HOLDINGS INC. (the “Company”) to be held at Ho-Oh-No-Ma (Main Hall), 2F, Tokyo Prince Hotel, 3-3-1 Shiba-koen, Minato-ku, Tokyo, 105-8560, Japan on Friday, June 23, 2017 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 Thursday, June 22, 2017.

### Details of the Meeting

- 1. Date and time:** Friday, June 23, 2017 at 10:00 a.m.
- 2. Venue:** Ho-Oh-No-Ma (Main Hall), 2F, Tokyo Prince Hotel  
3-3-1 Shiba-koen, Minato-ku, Tokyo, 105-8560, Japan
- 3. Agenda:**
- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 13th fiscal year (from April 1, 2016 to March 31, 2017) and results of audits by the Independent Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements
  2. Non-Consolidated Financial Statements for the 13th fiscal year (from April 1, 2016 to March 31, 2017)

### **Matters to be resolved:**

**Proposal 1:** To elect eight (8) Directors

**Proposal 2:** To elect four (4) Audit & Supervisory Board Members

**Proposal 3:** To elect one (1) Substitute Audit & Supervisory Board Member

---

\* If you attend the meeting in person, please submit the enclosed voting form at the reception desk at the meeting location on the day of the meeting.

\* Please note that persons other than shareholders of the Company such as a proxy and an accompanying person cannot attend the meeting.

\* Should any change need to be made to the Reference Documents for General Meeting of Shareholders, Business Report or Consolidated/Non-Consolidated Financial Statements, such changes shall be posted on the website of the Company.

\* For voting results, an extraordinary report shall be posted on the website of the Company in place of the Notice of Resolutions. Information in English will be posted on our English website (<http://www.segasammy.co.jp/english/ir/event/meeting.html>).

There will be no gifts or convivial party for attending shareholders. We thank you for your understanding.

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

Pursuant to the provisions of laws and regulations and the Articles of Incorporation, the Consolidated Statement of Changes in Net Assets, Notes to Consolidated Financial Statements, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-Consolidated Financial Statements 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 Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Independent Auditor and the Audit & Supervisory Board include the above documents posted on the website of the Company.

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

You may request the receipt of the 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. The convocation notice will be sent by email 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 carry out the procedures a certain period after the General Meeting of Shareholders record date (the fiscal year end in the case of an Ordinary General Meeting of Shareholders and a date separately determined by the Board of Directors in the case of an Extraordinary Meeting of Shareholders), your email address may not be reflected in the recipient list of the 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.evote.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.evote.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. TLS) 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, 2016 To March 31, 2017)

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

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

With regard to the pachislot and pachinko industry, in the pachislot machine market, sales of new standard machines have continued to be sluggish. Meanwhile, in the pachinko machine market, based on the "Statement of Promoting Restoration of the Pachinko and Pachislot Industry" declaring collection or removal of "pachinko machines possibly different from the tested version" by Pachinko and Pachislot Industry 21st Century Club, comprised of 14 organizations in the industry, by the end of December 2016, with the purpose of further restoration of the pachislot and pachinko machine industry, the Group proceeded the collection and removal of applicable machines. Under such circumstances, titles receiving high appraisal are arising mainly in some series with successful track records, and in order to revitalize the market going ahead, it is essential to develop and supply machines that are compliant with various voluntary regulations and capable of appealing to a wide range of players.

Regarding the environment of the Entertainment Contents Business, a slowdown in the spread of smartphones in Japan and the predominance of leading publishers are accelerating in the market for digital games for smart devices. Therefore, provision of higher-quality content is expected, resulting in a trend of longer development lead times and higher operating costs. Meanwhile, in overseas business, future growth is expected mainly in Asia.

With regard to the packaged game software market, expectations are rising for future expansion of the market due to the penetration of next generation hardware in addition to current generation hardware of home video game console. In Europe, the U.S., and Asia, large markets have been developed for PC games. As for the market for amusement centers and amusement machines, signs of improvement in facilities utilization and expansion of the player base are showing mainly in new video game titles.

In the resort industry, although the growth rate is slowing down, the number of foreign visitors to Japan is increasing constantly, and an upward trend in the hotel occupancy rate is still evident. With a view to establishing Japan as a popular tourist destination, a bill concerning the promotion of the establishment of specified integrated resort areas (Integrated Resort Promotion Bill) was established, issued and enforced.

In this business environment, net sales for the fiscal year ended March 31, 2017 amounted to ¥366,939 million, an increase of 5.4% from the previous fiscal year. The Group posted an operating income of ¥29,527 million (an increase of 67.6% from the previous fiscal year), ordinary income of ¥28,542 million (an increase of 73.9% from the previous fiscal year). In addition, as a result of recording extraordinary income of ¥13,319 million, including gain on sales of noncurrent assets, while recording extraordinary loss of ¥8,123 million, including impairment loss, the Group posted profit attributable to owners of parent of ¥27,607 million (an increase of 414.2% from the previous fiscal year).

Result of each segment is as follows

Net sales in each segment here do not include Inter-segment sales between segments.

#### **《Pachislot and Pachinko Machines》**

In the pachislot machine business, overall sales of pachislot machines were 215 thousand units, owing to sales of series of titles with successful track records, such as mainstay title "Pachislot Hokuto No Ken Syura no kuni hen" and "Pachislot CODE GEASS Lelouch of the Rebellion R2." (Overall sales of pachislot machines were 142 thousand units for the previous fiscal year).

In the pachinko machine business, although sales were strong for each titles such as "Pachinko CR SOUTEN-NO-KEN Tenki" and "Pachinko CR Monster Hunter 4," overall sales of pachinko machines were 138 thousand units due to the strategic postponement of launches of large titles until the following

year (Overall sales of pachinko machines were 199 thousand units for the previous fiscal year).

In addition, the Group worked to improve profitability through cost improvements by reusing components, and reduced expenses including development expenses.

As a result, net sales in this segment were ¥148,222 million (an increase of 5.1% from the previous fiscal year) and operating income was ¥26,331 million (an increase of 25.7% from the previous fiscal year).

### 《Entertainment Contents》

With regard to the Entertainment Contents Business, performances were robust in every business field.

In the field of digital game software, sales remained robust for “PHANTASY STAR ONLINE 2,” which celebrated its fourth anniversary from its release and PlayStation®4 version was launched in April last year. With regard to titles for smart devices, sales were strong mainly for existing major titles including “Hortensia SAGA” and “Puyopuyo!! Quest,” for which the Group conducted various events, updates and other measures.

In the packaged game software field, sales amounted to 10,280 thousand copies (9,220 thousand copies for the previous fiscal year), thanks to the launch of mainstay titles including “Total War: WARHAMMER,” a new installment in the “Total War” series, which is highly popular mainly in Europe and were sold more than 20 million copies for 16 years, as well as “Persona5,” a new installment in the “Persona” series.

In the amusement machine field, as operations of “KanColle Arcade” continued to be favorable, revenue share models made contributions to income. Sales of new titles including “SANGOKUSHI TAISEN,” a new version of the popular trading card game, were also strong.

In the amusement center operations field, like-for-like sales were robust at 108.5% compared with the previous fiscal year owing to favorable operations of mainly video games, including the new title “KanColle Arcade” at the existing game center operations.

In the animated film and toy field, the Group recorded income from distributing “Detective Conan The Darkest Nightmare,” a popular theater film in Japan, and production income of TV animation and animated films. In addition, the Group sold classic and mainstay toy products including “Anpanman” series and “Puni♡ Gel” series.

As a result, net sales in this segment were ¥205,704 million (an increase of 8.0% from the previous fiscal year) and operating income was ¥11,176 million (an increase of 165.1% from the previous fiscal year).

### 《Resort》

In the Resort Business, for “Phoenix Seagaia Resort,” one of the leading resorts in Japan, the largest renovation since the start of operations of “Sheraton Grande Ocean Resort” was completed in August 2016, and the Group conducted promotions and other efforts particularly in the Kyushu region. However, these measures were not enough to make up for the cancellations and other impacts due to the 2016 Kumamoto Earthquake, which occurred in the first half of the fiscal year.

In addition, in the Resort Business, the Group carried out projects such as the sale of a portion of the shares of a company engaged in development and operation of an indoor theme park business.

Overseas, the Group not only operates existing casino facilities in Incheon, South Korea, through PARADISE SEGASAMMY Co., Ltd. (associate accounted for using the equity method), a joint venture between Paradise Co., Ltd., a major tourism enterprise in South Korea, and the Company but also proceeds with preparations for the opening of South Korea’s first full-fledged integrated resort (IR) “PARADISE CITY.”

As a result, net sales in this segment were ¥13,012 million (a decrease of 20.6% from the previous fiscal year) and operating loss was ¥2,244 million (operating loss of ¥1,825 million for the previous fiscal year).

## 2. Issues to be Addressed

Pachinko parlor operators continue to face increasingly harsh business conditions due to widespread practice of lowering ball rental fees and a decline in the number of players amidst the significant reforms in the market environment and regulation environment. In the Pachislot and Pachinko Machines

Business, under these circumstances, it is necessary for the Group to develop and supply products with innovative gameplay that meet market needs to maintain and expand market share. In addition, the need to improve profitability by increasing efficiency in areas such as development and by reducing costs through such means as the reuse of pachislot and pachinko machine parts is considered as a management issue.

With regard to Entertainment Contents Business, the predominance of leading publishers in the Japanese digital game software market is increasing, provision of higher-quality content is expected. Meanwhile, in overseas business, future growth is expected mainly in Asia. In this environment, in addition to the need to maximize product quality focusing on the existing major titles, a key issue for management is the need to develop and distribute new titles that will be among the highest ranking in sales and to create global hit titles paving the way for entry to the overseas digital game market.

With regard to Resort Business, through the development and operation of resort facilities in Japan as well as integrated resorts overseas, while preparing for a full-fledged integrated resort business in the future, it is an important management issue of the Group to accumulate expertise.

The Group aims to achieve an operating income margin of 15% and ROA (return on assets) of 5% for the fiscal year ending March 31, 2020. To achieve the targets for the fiscal year ending March 31, 2020, the Group's management issue is to improve the profit margin and enhance capital efficiency in the medium term by promoting allocation of management resources to growth businesses such as digital games and integrated resorts, as well as improving profitability of the core businesses centered on the Pachislot and Pachinko Machines Business.

### 3. Fund Procurement, etc.

#### (1) Fund Procurement

The Company concluded commitment line contract with financial institutions covering ¥30,000 million aimed at securing medium- to long-term capital liquidity and otherwise providing a Group wide safety net.

Regarding fund procurement for the fiscal year ended March 31, 2017, the Company procured ¥2,000 million by borrowings from financial institutions, for the purpose of securing medium- to long-term working capital.

For effective use of the Group funds, the Group is operating the Cash Management System ("CMS") involving fifteen Group companies including the Company, Sammy Corporation and SEGA Holdings Co., Ltd. etc.

#### (2) Capital Expenditures

The Group's capital expenditures totaled ¥27,063 million, including ¥5,871 million in the pachislot and pachinko machines business, ¥16,667 million in the entertainment contents business and ¥4,505 million in the resort business.

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

The Company sold a portion of the shares of SEGA LIVE CREATION Inc. (now CA Sega Joypolis Ltd., "SLC"), a consolidated subsidiary, on January 1, 2017. Consequently, SLC and SEGA (QINGDAO) ENTERTAINMENT PARK CO., LTD., a subsidiary of SLC have been excluded from the scope of consolidation.

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

There is no applicable material information for the fiscal year ended March 31, 2017.

#### (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, 2017.

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

SEGA Games Co., Ltd., a consolidated subsidiary of the Company, acquired all the shares of Amplitude Studios SAS on July 1, 2016, and made Amplitude Studios SAS its consolidated subsidiary.

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

Fiscal Year Item		FY2014	FY2015	FY2016	FY2017
		From April 1, 2013 To March 31, 2014	From April 1, 2014 To March 31 2015	From April 1, 2015 To March 31 2016	From April 1, 2016 To March 31 2017
Net sales	(¥ million)	378,011	366,813	347,981	366,939
Ordinary income	(¥ million)	40,531	16,879	16,409	28,542
Profit (loss) attributable to owners of parent	(¥ million)	30,721	(11,375)	5,369	27,607
Net income (loss) per share	(¥)	126.42	(46.70)	22.90	117.79
Total assets	(¥ million)	542,936	528,659	532,957	521,599
Net assets	(¥ million)	348,270	322,452	299,950	311,497

- Notes: 1. Figures shown in millions of yen have been rounded down to the nearest million.  
2. Net income (loss) per share is calculated based on the average number of shares outstanding during the period.  
3. From the fiscal year ended March 31, 2016, some of the consolidated subsidiaries of the Company have changed revenue recognition methods for sales of merchandise and finished goods, etc. and revenue presentation for the digital game software field. Accordingly, the relevant key management indices for the fiscal year ended March 31, 2015 are restated after reflecting retroactive treatments.

#### 5. Major Business Segments

The business segments of the SEGA SAMMY Group are Pachislot and Pachinko Machines Business, Entertainment Contents Business and Resort Business. The primary business activities are as follows.

Segment	Main Business
Pachislot and Pachinko Machines Business	Development, manufacture and sales of pachislot and pachinko machines
Entertainment Contents Business	Development and sales of digital game software serving as the main axis of segments, development and sales of packaged game software and amusement machines, development and operation of amusement centers, planning, production and sales of animated films, development, manufacture and sales of toys
Resort Business	Development and operation of hotels and theme parks in the integrated resorts business and other facilities businesses

#### 6. Major Business Locations of the Group

- (1) The Company: SEGA SAMMY HOLDINGS INC.  
Head Office (Minato-ward, Tokyo)
- (2) Office of the main subsidiaries
  - ① Sammy Corporation  
Head Office (Toshima-ward, Tokyo)  
Kawagoe Factory (Kawagoe, Saitama)  
Branches (8 Branches)
  - ② SEGA Holdings Co., Ltd.  
Head Office (Shinagawa-ward, Tokyo)
  - ③ SEGA Games Co., Ltd.  
Head Office (Shinagawa-ward, Tokyo)  
Roppongi Office (Minato-ward, Tokyo)



④ SEGA ENTERTAINMENT Co., Ltd.

Amusement Center Operating Locations: (191 locations)

(3) Employees of the Group

Number of employees (change from end of previous year) 7,639 (33 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 Holdings Co., Ltd.	¥44,092 million	100.0%	Management of SEGA Group and all businesses appertaining thereto
RODEO Co., Ltd.	¥100 million	65.0% (Note 1)	Development/manufacture/sales of pachislot machines
TAIYO ELEC Co., Ltd.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of pachislot and pachinko machines
SEGA Games Co., Ltd.	¥100 million	100.0% (Note 1)	Planning/development/sales of game-related content for mobiles, PCs, smart devices and home video game platforms
SEGA Interactive Co., Ltd.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of amusement machine
Sega Logistics Service Co., Ltd.	¥100 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
DARTSLIVE Co., Ltd.	¥10 million	100.0% (Note 1)	Planning/development/sales of game equipment and game software
Sega Amusements International Ltd.	£ 26,485 thousand	100.0% (Note 1)	Import/manufacture/sales of amusement equipment
Sega of America, Inc.	US\$110,000 thousand	100.0% (Note 1)	Development/management/sales of home video game software
Sega Europe Ltd.	£ 10,000 thousand	100.0% (Note 1)	Sales of home video game software
Sega Publishing Europe Ltd.	£ 0 thousand	100.0% (Note 1)	Sales of home video game software
ATLUS CO., LTD.	¥10 million	100.0% (Note 1)	Development of home video game software
Sammy Networks Co., Ltd.	¥100 million	100.0% (Note 1)	Planning/production/sales of game and music contents through mobile phones and Internet, etc.
SEGA TOYS CO., LTD.	¥100 million	100.0% (Note 1)	Development/manufacture/sales of toys
TMS ENTERTAINMENT CO., LTD.	¥100 million	100.0% (Note 1)	Planning/production/sales and other activities involving animated movies

Company	Capital	Percentage ratio of issued shares	Main business
MARZA ANIMATION PLANET INC.	¥100 million	100.0% (Note 1)	Production of computer graphics animations, planning/production of animated movies, licensing business
Japan Multimedia Services Corporation	¥100 million	100.0%	Information providing service, call center service and temporary staffing service
PHOENIX RESORT CO., LTD.	¥93 million	100.0%	Operation of resort facilities, including hotels, spas, golf courses, restaurants and international conference halls
SEGA SAMMY BUSAN INC.	KRW124,000 million	100.0% (Note 1)	Development and operation of a complex comprised of hotel, entertainment facilities, commercial facilities, etc.
SEGA SAMMY CREATION INC.	¥10 million	100.0%	Development/production/sales of casino gaming machines

Notes: 1. Percentage of ratio of issued shares includes rights of indirectly owned shares.

2. SEGA LIVE CREATION Inc. (now CA Sega Joypolis Ltd.,) which was the consolidated subsidiary of the Company in the previous fiscal year, has been excluded from the scope of consolidation due to sale of its shares.

(3) The status of the specified wholly owned subsidiaries

Name of specified wholly owned subsidiary	Address of specified wholly owned subsidiary	Book value of shares of wholly owned subsidiary
Sammy Corporation	3-1-1, Higashi-Ikebukuro, Toshima-ward, Tokyo	¥153,307 million
SEGA Holdings Co., Ltd.	1-39-9, Higashi-Shinagawa, Shinagawa-ward, Tokyo	¥125,267 million

Note: Amount of total assets of the Company: ¥482,468 million

## 8. Main Banks and Borrowings

Lenders	Balance of loans payable
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥14,100 million
Aozora Bank, Ltd.	¥5,300 million
Mizuho Bank, Ltd.	¥4,800 million
Resona Bank, Limited.	¥4,400 million
Sumitomo Mitsui Banking Corporation	¥4,100 million
The Bank of Yokohama, Ltd.	¥3,713 million
Mitsubishi UFJ Trust and Banking Corporation	¥2,400 million
Sumitomo Mitsui Trust Bank, Limited	¥2,400 million
Shinsei Bank, Limited	¥2,400 million
The Hokuriku Bank, Ltd.	¥2,200 million
Others	¥5,041 million
Total	¥50,855 million

Note: In addition to the above, the Company has ¥25,400 million and ¥1,600 million of privately placed bonds underwritten by Sumitomo Mitsui Banking Corporation and the Bank of Tokyo-Mitsubishi UFJ, Ltd. respectively.

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

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

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

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

**10. Other Significant Events of the Group**

There is no applicable material information for the fiscal year ended March 31, 2017.

**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**    **85,486**
4. **Principal shareholders (Top 10)**

Name of shareholder	Investment in SEGA SAMMY HOLDINGS	
	Shares held	Shareholding ratio (%)
Hajime Satomi	31,869,338	13.59
FSC Co., Ltd.	12,972,840	5.53
HS Company	11,750,000	5.01
Japan Trustee Services Bank, Ltd. (Trust account)	8,169,900	3.48
The Master Trust Bank of Japan, Ltd. (Trust account)	6,650,700	2.83
CBNY-ORBIS SICAV	5,464,067	2.33
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	4,357,947	1.85
Japan Trustee Services Bank, Ltd. (Trust account 5)	3,644,400	1.55
Haruki Satomi	3,139,561	1.33
STATE STREET BANK WEST CLIENT - TREATY 505234	2,923,652	1.24

Note: Shareholding ratio was calculated excluding treasury stock (31,841,869 shares)

### III Company's Share Subscription Rights

#### 1. Outline of Share Subscription Rights Issued to the Company's Directors and Audit & Supervisory Board Members as Remuneration for Their Services as of the End of the Fiscal Year Ended March 31, 2017

Date of Resolutions of the Ordinary General Meeting of Shareholders	August 2, 2016
Number of individuals with rights Company Directors	5
Number of share subscription rights (Note 1)	2,500
Class of shares for share subscription rights	Common stock
Number of shares for share subscription rights	250,000
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)	¥1,413
Period for exercise of share subscription rights	September 2, 2018 – September 1, 2020
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.

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

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

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

**2. Outline of Share subscription rights Issued to Company Employees or Subsidiary Directors, Audit & Supervisory Board Members, or Employees as Remuneration for Their Services During the Fiscal Year Ended March 31, 2017**

Date of Resolutions of the Ordinary General Meeting of Shareholders		August 2, 2016	
Number of share subscription rights (Note 1)		38,445	
Class of shares for share subscription rights		Common stock	
Number of shares for share subscription rights		3,844,500	
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)		¥1,413	
Period for exercise of share subscription rights		September 2, 2018 – September 1, 2020	
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	
Issuance to employees, etc.	Company employees	Number of share subscription rights	1,358
		Number of shares for share subscription rights	135,800
		Number of recipient	18
	Subsidiary Directors, Corporate Auditors or employees	Number of share subscription rights	37,087
		Number of shares for share subscription rights	3,708,700
		Number of recipient	911

Notes: 1. Number of shares of share subscription rights is 100 per the right.

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

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

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

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

##### 1. Directors and Audit & Supervisory Board Members (As of March 31, 2017)

Title and Areas of Responsibility	Name	Important Concurrent Posts
Chairman of the Board and CEO and COO General Manager of Group Structure Reform Division	Hajime Satomi	Chairman, Representative Director (CEO,) Sammy Corporation Chairman, Representative Director (CEO,) SEGA Holdings Co., Ltd.
Senior Executive Vice President (Director of the Board) in charge of New Business Development Department, Corporate Business Promotion Department	Naoya Tsurumi	Vice Chairman of the Board, SEGA Holdings Co., Ltd.
Executive Vice President and CFO (Director of the Board) in charge of Business Planning Division, Finance and Accounting Division, General Affairs Division, Group Legal Head Office Deputy General Manager of Group Structure Reform Division	Koichi Fukazawa	
Executive Vice President (Director of the Board)	Haruki Satomi	President, Representative Director (COO,) Sammy Corporation Executive Vice President and Representative Director, SEGA Holdings Co., Ltd.
Senior Vice President (Director of the Board)	Hideki Okamura	President and COO (Representative Director,) SEGA Holdings Co., Ltd.
Senior Vice President (Director of the Board)	Yuji Iwanaga	Attorney
Senior Vice President (Director of the Board)	Takeshi Natsuno	
Senior Vice President (Director of the Board)	Kohei Katsukawa	
Standing Audit & Supervisory Board Member	Tomio Kazashi	
Standing Audit & Supervisory Board Member	Shigeru Aoki	
Audit & Supervisory Board Member	Yukito Sakaue	Standing Audit & Supervisory Board Member, SEGA Holdings Co., Ltd.
Audit & Supervisory Board Member	Mineo Enomoto	Audit & Supervisory Board Member, SEGA Holdings Co., Ltd., Attorney

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

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

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

4. The Company has adopted the executive officer system to speed up decision-making, strengthen oversight of business execution, and reinforce business execution functions. The Company has eight executive officers: Toru Nakahara, Managing Director of Group Legal Head Office; Makoto Takahashi, Managing Director of Business Planning Division and

Assistant to Group Structure Reform Division; Yoichi Owaki, Managing Director of Finance and Accounting Division; Hiroshi Ishikura, Managing Director of Group Internal Control Office, Group CSR Promotion Office and Internal Audit Office; Takaharu Kato, Managing Director of General Affairs Division; Takatoshi Akiba, Koichiro Ueda and Seiichiro Kikuchi, Assistant to General Affairs Division.

5. Changes made in the title, area of responsibilities and important concurrent Posts outside the Company of Directors on and after April 1, 2017 are as follows: Chairman of the Board Hajime Satomi assumed the position of Chairman and CEO (Representative Director,) Chairman of the Board (Representative Director) of Sammy Corporation and Honorary Chairman of the Board of SEGA Holdings Co., Ltd.; Executive Vice President (Director of the Board) Haruki Satomi assumed the position of President and COO (Representative Director,) President and CEO (Representative Director) of Sammy Corporation and Chairman and CEO (Representative Director) of SEGA Holdings Co., Ltd. On the same date, Senior Vice President (Director of the Board) Hideki Okamura assumed the position of Executive Vice President (Director of the Board).
6. Since April 1, 2017, the Company has the following seven executive officers: Yuichi Amari, Managing Director of Executive Secretariat Division; Makoto Takahashi, Managing Director of President's Office; Toru Nakahara, General Counsel; Yoichi Owaki, Managing Director of Finance and Accounting Division; Hiroshi Ishikura, Managing Director of Group Internal Control Office, Group CSR Promotion Office and Internal Audit Office; Takaharu Kato, Managing Director of General Affairs Division; Seiichiro Kikuchi, Assistant to General Affairs Division.
7. At the Ordinary General Meeting of Shareholders held on June 17, 2016, Kokichi Matsuzawa was elected as a Substitute External Audit & Supervisory Board Member in accordance with Article 329, paragraph 3 of the Companies Act in preparation for the case where the number of External Audit & Supervisory Board Members becomes less than the number prescribed by the laws and regulations.

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

Title	Number of individuals	Remuneration, etc.
Directors (of which External Directors)	10 (3)	¥555 million (¥43 million)
Audit & Supervisory Board Members (of which External Audit & Supervisory Board Members)	3 (2)	¥40 million (¥27 million)
Total	13	¥595 million

Notes: 1. Remuneration, etc. to Directors (excluding External Directors) includes bonuses of ¥108 million and expenses concerning share subscription rights granted as stock options for the year of ¥18 million.

2. Two Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 17, 2016 are included in the number of individuals for Director above.
3. The remuneration limit for Directors is ¥1,000 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders on June 19, 2012.
4. The remuneration limit for Audit & Supervisory Board Members is ¥50 million, pursuant to the resolution at the Ordinary General Meeting of Shareholders of Sammy Corporation on June 25, 2004, and at the Ordinary General Meeting of Shareholders of SEGA CORPORATION on June 29, 2004.

## 3. Liability Limitation Agreements

It is stipulated in the Articles of Incorporation that the Company may enter into agreements with Directors (excluding executive Directors etc.) and Audit & Supervisory Board Members that limit their liabilities for damages.

The outline of the liability limitation agreement that the Company entered into with Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members respectively in accordance with the Articles of Incorporation 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.

**4. External Directors and Audit & Supervisory Board Members**

(1) Main Activities of External Directors and Audit & Supervisory Board Members

Title	Name	Major Activities
External Director	Yuji Iwanaga	He attended 14 Board of Directors meetings out of the 14 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on professional and managerial view points as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Director	Takeshi Natsuno	He attended 14 Board of Directors meetings out of the 14 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on managerial viewpoints. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors.
External Director	Kohei Katsukawa	He attended 11 Board of Directors meetings out of the 11 meetings held following his assumption of office (10 out of 10 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.
External Audit & Supervisory Board Member	Tomio Kazashi	He attended 14 Board of Directors meetings out of the 14 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on managerial viewpoints. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 16 Audit & Supervisory Board meetings out of the 16 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.
External Audit & Supervisory Board Member	Mineo Enomoto	He attended 14 Board of Directors meetings out of the 14 meetings during the year (12 out of 12 regular meetings) and expressed his opinion on professional and managerial viewpoints as an attorney. He also made some proposals to secure the adequateness and fairness of decision making of the Board of Directors. He also attended 15 Audit & Supervisory Board meetings out of the 16 meetings during the year exchanging the opinions on auditing results and deliberating the significant issues related to audits.



(2) Total Remuneration, etc., to External Directors and Audit & Supervisory Board Members

	Number of individuals	Remuneration, etc.	Of which Remuneration, etc., from subsidiary
Total remuneration, etc., to External Directors and Audit & Supervisory Board Members	6	¥80 million	¥9 million

Notes: One Audit & Supervisory Board Member who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 17, 2016 is included in the number of individuals above.

## 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, 2017	¥144 million
Total of cash and other profits that should be paid to independent auditors by the Company and its subsidiaries	¥326 million

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

2. As a result of checking and reviewing the independent auditor's audit plan and record of remuneration for the last year, the Audit & Supervisory Board of the Company gave consent to the remuneration etc. for the independent auditor pursuant to Article 399, Paragraph 1 of the Companies Act.

3. The non-audit services for which the Company paid remuneration to auditing certified public accountants and other accountants include contracted business research and IFRS advisory services, which are outside the scope of the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law.

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

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

## VI Outline of Resolutions Regarding Preparation of Internal Control System and so forth to Ensure Appropriate Business Execution

Based on the Companies Act, the Company made the following resolutions regarding the "Basic Policy on Preparation of Internal Controls System" and has worked to prepare this system.

### (1) System to Ensure the Efficient Implementation of the Duties of the Company's Directors and Compliance with Laws and the Articles of Incorporation

Establish a Group CSR Charter, Group Code of Conduct, Group Management Policies, and Guidelines (hereinafter, collectively referred to as "Group Philosophy and Code") and President (Representative Director) will repeatedly communicate the spirit of Group Philosophy and Code to employees in administrative post, in order to thoroughly establish compliance with laws, etc., as a

condition for all corporate activities. These efforts will reflect the Company's fundamental policy of fulfilling its social responsibility as a member of society and provide a basis for establishing a compliance system that comprises such policy.

In addition, in the interest of further strengthening corporate governance, the Board of Directors will make efforts to build an effective internal controls system and to secure a system for compliance with laws for the Company as a whole, based on the Group Management Policies stipulated for a unified management of the entire Group and the Guidelines that show the standard for operation and management of the entire Group so that the Company's business execution is appropriate and sound. Also, the Audit & Supervisory Board will audit the effectiveness and functionality of this internal controls system, and make efforts to identify and correct issues early through regular inspection.

In order to prevent participation in management by anti-social forces, it will be specified that all relations with anti-social forces are removed in the Group Code of Conduct. Moreover, the Group will contain so-called "Bo-hi jyoko" (terms and clauses concerning exclusion of organized crime groups) in contracts, establish a system to check whether or not our business partners correspond to anti-social forces, and establish a system to address systematically in corporation with outside organizations including the police and lawyers appropriately when anti-social forces approach the Group.

(2) System Related to the Retention and Management of Information Related to the Implementation of the Duties of the Company's Directors

President (Representative Director) will appoint the Director in charge of the Administrative Division as the person in charge of the entire Company with respect to preservation and management of information related to execution of Directors' duties. Information related to execution of Directors' duties will be recorded in writing or electronic media based on the Company regulations etc., and preserved and managed so that the Directors and Audit & Supervisory Board Members are able to appropriately view such information and also so that such information is easy to search.

In order to manage trade secrets and other information, etc., properly, policies concerning information management and IT security, as well as guidelines for IT security will be established, and it is planned that they will be fully informed of and complied with.

(3) Regulations and Other Systems Regarding Risk Management for Losses of the Company

With respect to risks related to the Company's business, each relevant division and department will analyze and identify anticipated risks and clarify the risk management system. The Internal Audit Department will audit each division's and department's risk management and report the results regularly to the management decision-making body and executive and supervisory management organization.

In order to capture and manage properly important risks underlying inside and outside the management including emergency responses, policies concerning risk management and crisis management guidelines will be established as one of the Group Management Policies and Guidelines, and in the event of a situation likely to have a severe impact on the Group, crisis management teams of the Company and the Group companies shall cooperate to discuss about countermeasures for prompt and effective actions.

(4) System to Ensure that the Duties of the Company's Directors are Implemented Efficiently

Adopt an Audit & Supervisory Board Member system for efficient execution of Directors' duties, as well as for Company Directors and Audit & Supervisory Board Members to be well-informed about the Group's businesses and promptly and appropriately make decisions for the Group. The system should also enable appropriate and efficient execution of duties under rules related to authorities and decision-making based on the Regulations of the Board of Directors, etc.

(5) System to Ensure Appropriate Compliance with Laws and the Articles of Incorporation Concerning the Implementation of the Duties of the Company's Employees

The Company will promote the group compliance measures for employees to act appropriately in compliance with laws, the Articles of Incorporation, Company regulations, and social norms. These measures must be based on the Group Philosophy and Code as code of conduct.

Establish a “Hot Line” system that enables an employee to report as a whistle-blowing any violation of laws, the Articles of Incorporation, Company regulations, or conduct in violation of social norms that they learn. Also establish a system that enables the person in charge promptly to report any material matters to the Board of Directors and the Audit & Supervisory Board.

Such a whistle-blower will be kept in secret, and will not receive any disadvantageous treatments due to the report. Establish an internal reporting contact offices comprised of outside counsel, etc. as recipients of an informant’s report other than the ordinary reporting line, as part of a system that maintains transparency and accurately addresses relevant issues.

(6) System Shown Below and Other Systems to Ensure that the Businesses of the Group, Comprised of the Company, its Parent, and its Subsidiaries, are Implemented Properly

- ① System to report to the Company matters related to the execution of the duties by the directors, the Statutory Executive Officers, officers executing the duties, and people who should execute the duties of Article 598, Section 1 of the Companies Act of the Company’s subsidiaries (referred to as “the directors, etc.” in ③ and ④ below)

By having the Company’s employees in administrative post concurrently serve as the directors or the Audit & Supervisory Board members of its Group companies, a system will be established to report and share information of the Group companies to and with the Company through such officers.

At the same time, a system will be established to communicate important matters, report, share information on matters of whistle-blowing, report and share information on matters of accounting wrongdoings and errors based on the vertical chain of the Regulations of Management of Related Companies between the Company and its Group companies. However, the whistle-blower will be kept in secret, and will not receive any disadvantageous treatments due to the report.

Hold meetings, etc. for the Group’s Compliance and the Group’s Audit & Supervisory Board Members, where various problems in the Group or governance matters with material risks are addressed. The Company’s department in charge of internal audit will conduct audits for the benefit of the Group as a whole, and efforts will be made to ensure to the extent possible that information is shared among members of the Group and businesses are properly executed.

- ② System regarding risk management for losses of the Company’s subsidiaries

Regarding common priority items and measures of the Group that the Company has stipulated, while they will be addressed by each of its Group companies, specific risks of each subsidiary will be managed in consideration of scale, nature, business category, etc. of each of its Group companies.

- ③ System to ensure that the duties of the directors, etc. of the Company’s subsidiaries are executed efficiently

As with the Company, in its Group companies, adopt an Audit & Supervisory Board member system for efficient execution of directors’ duties, as well as for Company Directors and Audit & Supervisory Board members to be well-informed about the Group’s businesses and promptly and appropriately make decisions for the Group. The system should also enable appropriate and efficient execution of duties under rules related to authorities and decision-making based on the Regulations of the Board of Directors, etc. However, the system will be established in consideration of scale, nature, business category, etc. of each of its Group companies.

- ④ System to ensure appropriate compliance with laws and the Articles of Incorporation concerning execution of the duties of the directors, etc. and employees of the Company’s subsidiaries

As with the Company, the Board of Directors of its Group companies will establish a compliance system in order to fulfill Group Philosophy and Code based on importance of compliance with laws, etc. and of fundamental policy of fulfilling social responsibilities as a member of a society.

(7) Matters Regarding Employees whom Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members Request to Assist Them in Their Duties, Matters Related to the Independence of the Employees from the Directors of the Company with Audit & Supervisory Board Members, and Matters Related to Ensuring Effectiveness of Instructions to the Employees by Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members  
Establish an Audit & Supervisory Board Member’s Office as an organization that reports directly to

the Audit & Supervisory Board and employees in such office will assist the Audit & Supervisory Board Members' duties under their direction and order.

Employees who assist the Audit & Supervisory Board Members in their duties will be dedicated employees in principle and will not be directed or supervised by the Directors. However, under unavoidable circumstances, employees who serve concurrently in a position of the executive side will be assigned. Concerning such concurrent employees, independence will be especially considered. Appointment, dismissal, personnel transfer, evaluation, disciplinary action, revision of wages, etc. of the employees will require a prior agreement of the Audit & Supervisory Board.

(8) System Shown Below and Other Systems Related to Reporting to Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members

① System to enable Directors, Accounting Advisors, and employees of the Company with Audit & Supervisory Board Members to report to Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members

The Directors and employees of the Company must report promptly to the Audit & Supervisory Board on material violations of laws and the Articles of Incorporation or a fact of illegal conduct related to execution of the duties or a fact that might cause conspicuous harm to the Company that they learn. Decisions that materially affect the Company's business or organization and results of internal audits will be treated in the same way.

② System to enable directors, Accounting Advisors, Audit & Supervisory Board members, Statutory Executive Officers, officers executing the duties, people who should execute the duties of Article 598, Section 1 of the Companies Act of subsidiaries of the Company with Audit & Supervisory Board members and other people equivalent to these people and employees or people who received reports from these people to report to the Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members

The directors, the Audit & Supervisory Board members, the Executive Officers, employees, etc. of the Group companies or people who received reports from these people must report promptly to the Audit & Supervisory Board of the Company on material violations of laws and the Articles of Incorporation or a fact of illegal conduct related to execution of the duties or a fact that might cause conspicuous harm to the Company that they learn. Decisions that materially affect the Company's business or organization and results of internal audits will be treated in the same way.

The Audit & Supervisory Board Members of the Company will make efforts to maintain systems from the perspective of focusing on so-called group management so that the Audit & Supervisory Board Members of the Group companies are able to become receivers of report from the business execution side and to become mediators.

(9) System to Ensure that People Who Made the Report Described in the Previous Clause Will Not Receive Disadvantageous Treatments Because of Making Such Report

The reporter described in the previous clause will not receive disadvantageous treatments because of making such report. Such disadvantageous treatments will be subject to punitive action.

(10) Matters Concerning Policies Related to Procedures of Prepayment or Reimbursement of Expenses Arising from Implementation of the Duties of the Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members and Other Treatments of Expenses or Liabilities Arising from Implementation of Such Duties

The Company will bear expenses arising from the execution of the duties of the Audit & Supervisory Board Members in accordance with the Company regulations, responding to requests from the Audit & Supervisory Board or Standing Audit & Supervisory Board Members. This includes expenses incurred in using outside advisors, etc., as prescribed in the clause (11).

(11) Systems Established to Ensure the Efficacious Performance of Auditing Responsibilities by Audit & Supervisory Board Members of the Company with Audit & Supervisory Board Members

Representative Directors regularly will meet with Audit & Supervisory Board Members, exchange opinions related to Company management, in addition to business reports, and otherwise communicate effectively with them.

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

The Board of Directors will ensure Audit & Supervisory Board Members' participation in important work-related meetings to ensure that the Company's business is executed properly.

The Audit & Supervisory Board will use attorneys, certified public accountants, and other outside advisors, as necessary for itself, and its opportunities to receive advice related to audit work will be guaranteed.

(Outline of implementation status of internal control system to ensure appropriate business execution)

The implementation status of the foregoing Basic Policy of the Company is as outlined below:

(1) Compliance

- ① Compliance training is held every fiscal year for the officers of the Company and the Group, divided into separate groups of new officers and existing officers. For Directors of the Company, officer training is held (one session on workstyle reform was held during the current fiscal year).
- ② As a place to share important issues and relevant measures for internal controls such as compliance and risk management, the Group compliance liaison meeting is in place and took place twice during the current fiscal year. The main contents of the meeting are presented as feedback to the board of directors, etc. of major Group companies.
- ③ In an effort to enhance the compliance system, the Company designates priority compliance matters each fiscal year that are common across the Group, from among all social requirements and issues affecting the Group. During the fiscal year under review, the Group implemented group training on themes such as "the latest trends in personnel management" (two sessions were held during the current fiscal year). The Company also engages in "compliance promotion activities" on a continual basis for the purpose of boosting compliance awareness and knowledge among the Group employees.
- ④ As an initiative to eliminate anti-social forces, the Company has introduced a Group-wide checking system to detect if business partners apply as anti-social forces and supports its implementation.
- ⑤ For the purpose of early detection and preventing misconduct such as violations of laws and regulations, the Company has established a whistle-blowing system (alias "Corporate Ethics Hot Line"). While providing contact points internally and externally, the Company is actively involved in informing employees of the system.
- ⑥ The Company's internal audit department conducts internal audits of the Company and the Group companies and strives to further enhance the internal audit system by sharing audit information and strengthening mutual cooperation with the internal audit departments of the Group companies.

(2) Risk management

By identifying significant risks underlying inside and outside management and clarifying issues to be addressed, the Company and the Group companies are committed to business executions and mitigating loss of management resources and recurrence thereof.

(3) Effectiveness of audits by Audit & Supervisory Board Members

- ① In order to complement enhanced information provision to Audit & Supervisory Board Members for internal control purposes, the meetings of "Holdings Audit Liaison Committee" consisting of Audit & Supervisory Board Members and the Independent Auditor, "Auditors and Office of Corporate Auditors Liaison Committee" where Audit & Supervisory Board Members and the internal audit department discuss progress in audits and exchange information, and "Group Audit Liaison Committee" consisting of all Standing Audit & Supervisory Board Members of the Group are held (6 meetings, 11 meetings, and 3 meetings were held respectively during the current fiscal year).
- ② The Company assigns employees concurrently serving as an assistant to Audit & Supervisory Board Members to provide support for Audit & Supervisory Board Members in executing their duties.

## Consolidated Balance Sheet

(As of March 31, 2017)

(Unit: millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>324,115</b>	<b>Current liabilities</b>	<b>112,567</b>
Cash and deposits	137,494	Notes and accounts payable-trade	45,631
Notes and accounts receivable-trade	44,500	Short-term loans payable	6,354
Short-term investment securities	65,203	Current portion of bonds	19,500
Merchandise and finished goods	18,669	Income taxes payable	2,950
Work in process	14,838	Accrued expenses	13,961
Raw materials and supplies	13,933	Provision for bonuses	5,907
Income taxes receivable	1,559	Provision for directors' bonuses	595
Deferred tax assets	6,929	Provision for point card certificates	5
Other	21,317	Provision for dismantling of fixed assets	815
Allowance for doubtful accounts	(329)	Asset retirement obligations	303
<b>Noncurrent assets</b>	<b>197,483</b>	Deferred tax liabilities	15
<b>Property, plant and equipment</b>	<b>81,609</b>	Other	16,524
Buildings and structures, net	35,564	<b>Noncurrent liabilities</b>	<b>97,534</b>
Machinery, equipment and vehicles, net	4,921	Bonds payable	32,500
Amusement machines and facilities, net	9,579	Long-term loans payable	44,500
Land	23,740	Net defined benefit liability	3,303
Construction in progress	577	Deferred tax liabilities	2,574
Other, net	7,226	Deferred tax liabilities for land revaluation	640
<b>Intangible assets</b>	<b>22,160</b>	Asset retirement obligations	3,735
Goodwill	10,807	Provision for dismantling of fixed assets	420
Other	11,352	Other	9,860
<b>Investments and other assets</b>	<b>93,713</b>	<b>Total liabilities</b>	<b>210,102</b>
Investment securities	69,845	<b>Net assets</b>	
Long-term loans receivable	1,757	<b>Shareholders' equity</b>	<b>300,345</b>
Lease and guarantee deposits	11,123	Capital stock	29,953
Net defined benefit assets	828	Capital surplus	117,521
Deferred tax assets	535	Retained earnings	207,639
Other	10,363	Treasury stock	(54,769)
Allowance for doubtful accounts	(739)	<b>Accumulated other comprehensive income</b>	<b>7,419</b>
		Valuation difference on available-for-sale securities	11,041
		Deferred gains or losses on hedges	(71)
		Revaluation reserve for land	340
		Foreign currency translation adjustment	(4,479)
		Remeasurements of defined benefit plans	588
		<b>Subscription rights to shares</b>	<b>303</b>
		<b>Non-controlling interests</b>	<b>3,428</b>
		<b>Total net assets</b>	<b>311,497</b>
<b>Total assets</b>	<b>521,599</b>	<b>Total liabilities and net assets</b>	<b>521,599</b>

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

## Consolidated Statement of Income

(From April 1, 2016 To March 31, 2017)

(Unit: millions of yen)

Item	Amount	
<b>Net sales</b>		<b>366,939</b>
<b>Cost of sales</b>		<b>231,261</b>
<b>Gross profit</b>		<b>135,678</b>
<b>Selling, general and administrative expenses</b>		<b>106,150</b>
<b>Operating income</b>		<b>29,527</b>
<b>Non-operating income</b>		
Interest income	337	
Dividends income	929	
Gain on investments in partnership	460	
Foreign exchange gains	294	
Gain on bad debts recovered	0	
Gain on valuation of compound financial instruments	520	
Other	1,344	3,886
<b>Non-operating expenses</b>		
Interest expenses	940	
Equity in losses of affiliates	1,457	
Sales discounts	9	
Commission fee	58	
Loss on investments in partnership	243	
Penalty payment for cancellation of game center lease agreement	48	
Loss on retirement of noncurrent assets	685	
Settlement package	505	
Other	921	4,870
<b>Ordinary income</b>		<b>28,542</b>

(Unit: millions of yen)

Item	Amount	
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	9,518	
Gain on sales of investment securities	1,382	
Gain on liquidation of subsidiaries and affiliates	290	
Gain on reversal of subscription rights to shares	801	
Gain on reversal of provision for dismantling of fixed assets	177	
Other	1,148	13,319
<b>Extraordinary loss</b>		
Loss on sales of noncurrent assets	81	
Impairment loss	6,034	
Loss on valuation of investment securities	1,105	
Loss on valuation of shares of subsidiaries and associates	56	
Early extra retirement payments	149	
Restructuring loss	419	
Other	276	8,123
<b>Income before income taxes</b>		<b>33,738</b>
Income taxes-current	6,354	
Income taxes-deferred	(686)	5,667
<b>Profit</b>		<b>28,070</b>
<b>Profit attributable to non-controlling interests</b>		<b>462</b>
<b>Profit attributable to owners of parent</b>		<b>27,607</b>

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



## **Independent Auditor's Report**

May 11, 2017

The Board of Directors  
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

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

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

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, 2017 and for the year from April 1, 2016 to March 31, 2017 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, 2017)

(Unit: millions of yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>122,897</b>	<b>Current liabilities</b>	<b>80,227</b>
Cash and deposits	49,049	Current portion of long-term loans payable	3,600
Accounts receivable-trade	518	Current portion of bonds	12,100
Short-term investment securities	65,003	Accounts payable-other	4,265
Prepaid expenses	318	Income taxes payable	125
Short-term loans receivable from subsidiaries and associates	230	Accrued expenses	630
Accounts receivable-other	7,155	Deposits received	58,782
Deferred tax assets	72	Unearned revenue	0
Other	550	Provision for bonuses	164
<b>Noncurrent assets</b>	<b>359,571</b>	Provision for directors' bonuses	108
<b>Property, plant and equipment</b>	<b>5,347</b>	Deferred tax liabilities	0
Buildings, net	836	Other	450
Structures, net	589	<b>Noncurrent liabilities</b>	<b>98,014</b>
Machinery and equipment, net	1	Bonds payable	32,500
Aircraft, net	1,785	Long-term loans payable	43,988
Vehicles, net	36	Long-term deposits received	17,500
Tools, furniture and fixtures, net	679	Provision for retirement benefits	73
Land	1,418	Asset retirement obligations	79
<b>Intangible assets</b>	<b>39</b>	Deferred tax liabilities	3,573
Software	37	Other	299
Other	1	<b>Total liabilities</b>	<b>178,242</b>
<b>Investments and other assets</b>	<b>354,184</b>	<b>Net assets</b>	
Investment securities	28,277	<b>Shareholders' equity</b>	<b>296,316</b>
Stocks of subsidiaries and affiliates	312,219	Capital stock	29,953
Investments in capital of subsidiaries and associates	992	Capital surplus	192,244
Long-term loans receivable from subsidiaries and associates	16,261	Legal capital surplus	29,945
Long-term loans receivable	15	Other capital surplus	162,299
Long-term prepaid expenses	44	Retained earnings	129,172
Other	1,595	Other retained earnings	129,172
Allowance for doubtful accounts	(5,223)	Retained earnings brought forward	129,172
		Treasury stock	(55,054)
		<b>Valuation and translation adjustments</b>	<b>7,606</b>
		Valuation difference on available-for-sale securities	7,606
		<b>Subscription rights to shares</b>	<b>303</b>
		<b>Total net assets</b>	<b>304,226</b>
<b>Total assets</b>	<b>482,468</b>	<b>Total liabilities and net assets</b>	<b>482,468</b>

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

## Non-Consolidated Statement of Income

(From April 1, 2016 To March 31, 2017)

(Unit: millions of yen)

Item	Amount	
<b>Operating revenue</b>		
Consulting fee income	5,763	
Dividends income	7,686	13,450
<b>Operating expenses</b>		
Selling, general and administrative expenses	6,961	6,961
<b>Operating income</b>		<b>6,489</b>
<b>Non-operating income</b>		
Interest income	401	
Interest on securities	150	
Dividends income	826	
Gain on investments in partnership	307	
Income from operation of noncurrent assets	30	
Gain on valuation of compound financial instruments	62	
Foreign exchange gains	25	
Other	145	1,949
<b>Non-operating expenses</b>		
Interest expenses	514	
Interest on bonds	316	
Commission fee	50	
Loss on investments in partnership	97	
Other	9	988
<b>Ordinary income</b>		<b>7,450</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	60	
Gain on reversal of subscription rights to shares	801	
Gain on liquidation of silent partnership	1,087	1,948
<b>Extraordinary loss</b>		
Loss on support to subsidiaries and associates	2,607	
Provision of allowance for doubtful accounts	2,004	
Loss on valuation of shares of subsidiaries and associates	2,525	
Loss on sales of shares of subsidiaries and associates	943	
Loss on sales of investment securities	34	8,114
<b>Income before income taxes</b>		<b>1,284</b>
Income taxes-current	(858)	
Income taxes-deferred	67	(791)
<b>Net income</b>		<b>2,076</b>

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

## **Independent Auditor's Report**

May 11, 2017

The Board of Directors  
SEGA SAMMY HOLDINGS INC.

KPMG AZSA LLC

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

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

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, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 436-2-1 of the Companies Act.

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

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

### **Auditor's Responsibility**

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

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

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

**Opinion**

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

**Other Matter**

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

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

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

## **Audit Report**

The Audit & Supervisory Board has received the reports of the audit procedures and results concerning the execution of the duties of the Directors during the 13th fiscal year from April 1, 2016 through March 31, 2017 prepared by each of the Audit & Supervisory Board Members. After discussing the reports, we have prepared this Audit Report and report as follows.

1. Procedures and details of the audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board
  - (1) The Audit & Supervisory Board established the audit policy, allocation of duties, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding the implementation of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the independent auditor regarding the execution of their duties, and sought explanations as necessary.
  - (2) Each Audit & Supervisory Board Member complied with the auditing standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the audit policies, allocation of duties, etc., communicated with Directors, the internal audit department, and other employees, as well as worked to enhance environment for information collection and auditing, while conducting the audit by the following methods:
    - 1) Each Audit & Supervisory Board Member 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.  
With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from the subsidiaries as necessary.
    - 2) 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, Paragraph 1 and 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 proper business execution by a joint stock corporation and a corporate group consisting of its subsidiaries.  
As to the internal control system associated with financial reports, we received reports from Directors and the independent auditor, KPMG AZSA LLC regarding the evaluation of the internal control and its audit, and sought explanations and expressed our opinions where necessary.
    - 3) 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 business report and supporting schedules, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to non-consolidated financial statements) and supporting schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the current 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 12, 2017

Audit & Supervisory Board,  
SEGA SAMMY HOLDINGS INC.

Tomio Kazashi, Standing Audit & Supervisory Board Member  
(External)

Shigeru Aoki, Standing Audit & Supervisory Board Member

Yukito Sakaue, Audit & Supervisory Board Member

Mineo Enomoto, Audit & Supervisory Board Member(External)



## Reference Documents for General Meeting of Shareholders

### Proposals and reference information

#### Proposal 1: To elect eight (8) 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 eight (8) Directors.

The nominees for Directors are as described below:

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
1	Hajime Satomi (January 16, 1942)	Mar. 1980 President (Representative Director) of Sammy Industry Co., Ltd. (now Sammy Corporation) Feb. 2004 Chairman of the Board (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.) May 2004 Chairman of JAMMA (JAPAN AMUSEMENT MACHINERY MANUFACTURERS ASSOCIATION) (now Japan Amusement Machine and Marketing Association, Inc.) (current position) Jun. 2004 Chairman and CEO (Representative Director) of Sammy Corporation Jun. 2004 Chairman and CEO (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.) Oct. 2004 Chairman, President and CEO (Representative Director) of the Company Mar. 2005 Senior Advisor to NICHYUKYO (Japan Play Equipment Industry Association) (current position) Dec. 2006 Chairman of Japan Amusement Industry Association (current position) May 2007 Chairman of NDK (Japan Electric Game Manufacturers' Association) Jun. 2007 President, CEO and COO (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.) May 2008 Chairman and CEO (Representative Director) of the above Apr. 2012 Chairman of the Board of Sammy Corporation Jun. 2012 Chairman of the Board of PHOENIX RESORT CO., LTD. (current position) May 2013 Chairman and CEO (Representative Director) of Sammy Corporation Apr. 2015 Chairman and CEO (Representative Director) of SEGA Holdings Co., Ltd. Jun. 2015 Advisor to NDK (current position) Jun. 2016 Chairman, President, CEO and COO (Representative Director) of the Company Apr. 2017 Chairman and CEO (Representative Director) of the Company (current position) Apr. 2017 Chairman of the Board (Representative Director) of Sammy Corporation Apr. 2017 Honorary Chairman of the Board of SEGA Holdings Co., Ltd. (current position) Apr. 2017 Chairman of the Board of MARZA ANIMATION PLANET INC. (current position)	31,869,338 shares
[Reason for nomination as candidate for Director] Mr. Hajime Satomi has demonstrated leadership over many years as the CEO of the Company and Group companies and contributed to the development of the Group. We seek appointment of Mr. Hajime Satomi as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such wealth of experience, career record and hard-earned insight, and contribute to improving the corporate value of the Company.			

[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, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
2	Haruki Satomi (January 11, 1979)	<p>Mar. 2004 Joined Sammy Corporation</p> <p>Jan. 2005 Joined SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Oct. 2005 Director of SEGA of America, Inc.</p> <p>Nov. 2011 Senior Vice President (Director of the Board) of Sammy Networks Co., Ltd.</p> <p>Apr. 2012 President and CEO (Representative Director) of the above</p> <p>Jun. 2012 Senior Vice President (Director of the Board) of the Company</p> <p>Jun. 2012 Senior Vice President (Director of the Board) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jul. 2012 President and CEO (Representative Director) of SEGA Networks Co., Ltd. (now SEGA Games Co., Ltd.)</p> <p>Apr. 2014 Senior Vice President (Director of the Board) of Sammy Corporation</p> <p>Jun. 2014 Director of Sanrio Company, Ltd.</p> <p>Nov. 2014 Deputy COO (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Apr. 2015 Deputy COO (Representative Director) of SEGA Holdings Co., Ltd.</p> <p>Apr. 2015 President and CEO (Representative Director) of SEGA Games Co., Ltd.</p> <p>Nov. 2015 Deputy COO (Representative Director) of Sammy Corporation</p> <p>Apr. 2016 President and COO (Representative Director) of the above</p> <p>Apr. 2016 Chairman of the Board (Representative Director) of Sammy Networks Co., Ltd. (current position)</p> <p>Jun. 2016 Executive Vice President (Director of the Board) of the Company</p> <p>Apr. 2017 President and COO (Representative Director) of the Company (current position)</p> <p>Apr. 2017 President and CEO (Representative Director) of Sammy Corporation (current position)</p> <p>Apr. 2017 Chairman and CEO (Representative Director) of SEGA Holdings Co., Ltd. (current position)</p> <p>Apr. 2017 Chairman and CEO (Representative Director) of SEGA Games Co., Ltd. (current position)</p>	3,139,561 shares
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Haruki Satomi has served as a corporate manager of the Company and Group companies and contributed to the improvement of corporate earnings. He currently serves as President and COO (Representative Director) of the Company and demonstrates leadership as a Chief Operating Officer of the Group.</p> <p>We seek appointment of Mr. Haruki Satomi as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such experience, career record and leadership, and contribute to improving the corporate value of the Company.</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, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
3	Naoya Tsurumi (February 8, 1958)	<p>Mar. 1992 Joined SEGA Enterprises, Ltd. (now SEGA Games Co., Ltd.)</p> <p>Dec. 2004 Vice President, Executive Officer of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Sep. 2005 CEO of SEGA Publishing Europe Ltd.</p> <p>Jun. 2006 Vice President, Senior Executive Officer of SEGA CORPORATION (now SEGA Games Co., Ltd.)</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>May 2008 Senior Vice President (Director of the Board) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2009 Executive Vice President (Director of the Board) of the above</p> <p>Sep. 2009 Chairman of SEGA Europe Ltd.</p> <p>Apr. 2012 President and COO (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>May 2012 Vice Chairman and CEO of Sega Jinwin (Shanghai) Amusements Co., Ltd.</p> <p>Jun. 2012 Senior Vice President (Director of the Board) of the Company</p> <p>Jun. 2012 CEO and President of SEGA Holdings Europe Ltd.</p> <p>Apr. 2014 Senior Executive Vice President (Representative Director) of the Company</p> <p>Apr. 2014 Vice Chairman of the Board of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2014 Vice Chairman of the Board of PHOENIX RESORT CO., LTD. (current position)</p> <p>Jun. 2014 Member of the Board of Directors of PARADISE SEGASAMMY Co., Ltd. (current position)</p> <p>Apr. 2015 Vice Chairman of the Board of SEGA Holdings Co., Ltd. (current position)</p> <p>May 2015 Chairman, Representative Director and President of SEGA LIVE CREATION Inc. (now CA Sega Joypolis Ltd.)</p> <p>Jun. 2015 Chairman of the Board of Sega Sammy Golf Entertainment Inc. (current position)</p> <p>Jun. 2015 President of SEGA SAMMY BUSAN INC. (current position)</p> <p>Jun. 2016 Senior Executive Vice President (Director of the Board) of the Company (current position)</p> <p>Jan. 2017 Chairman and Director of CA Sega Joypolis Ltd. (current position)</p>	12,100 shares
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Naoya Tsurumi has been engaged in the Resort Business, one of the main focuses of the Company, and promoting the Integrated Resort Business overseas with his wealth of experience as a corporate manager of the Company and Group companies.</p> <p>We seek appointment of Mr. Naoya Tsurumi as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such experience and career record, and contribute to improving the corporate value of the Company.</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, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
4	Koichi Fukazawa (November 2, 1965)	<p>Apr. 1990 Joined The Sanwa Bank, Limited (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Jul. 2003 Joined Sammy Corporation</p> <p>Aug. 2003 Vice President, Executive Officer and Managing Director of President's Office of the above</p> <p>Oct. 2004 Vice President, Executive Officer and Managing Director of President's Office of the Company</p> <p>Oct. 2004 Vice President, Executive Officer and Managing Director of Chairman's Office and President's Office of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2005 Senior Vice President (Director of the Board) and Managing Director of Chairman's Office and President's Office of the above</p> <p>Jan. 2007 President (Representative Director) of SEGA SAMMY ASSET MANAGEMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Aug. 2007 Senior Executive Officer and in charge of the Corporate Strategy and External Affairs of the Company</p> <p>May 2008 Senior Vice President (Director of the Board) and Managing Director of New Business Division of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Apr. 2009 Officer of Keizai Doyukai (Japan Association of Corporate Executives) (current position)</p> <p>Jun. 2009 President (Representative Director) of SEGASAMMY VISUAL ENTERTAINMENT INC. (now MARZA ANIMATION PLANET INC.)</p> <p>Apr. 2014 Senior Executive Vice President (Representative Director) of SEGA TOYS CO., LTD.</p> <p>Apr. 2015 Senior Vice President (Director of the Board) of the above</p> <p>Jun. 2015 Senior Vice President (Director of the Board) of the Company</p> <p>Jun. 2016 Executive Vice President and CFO (Director of the Board) of the Company (current position)</p>	20,000 shares
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Koichi Fukazawa has served as a corporate manager of the Group companies in various fields including corporate planning, administration and new businesses. He currently serves as CFO of the Company and promotes the Integrated Resort Business in Japan.</p> <p>We seek appointment of Mr. Koichi Fukazawa as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such wealth of experience and career record, and contribute to improving the corporate value of the Company.</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, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
5	Hideki Okamura (February 1, 1955)	<p>Jan. 1987 Joined SEGA Enterprises, Ltd. (now SEGA Games Co., Ltd.)</p> <p>Jun. 1997 Senior Vice President (Director of the Board) of the above</p> <p>Jun. 2002 Vice President and Representative Director of DigiCube Co., Ltd.</p> <p>Jun. 2003 Vice President, Senior Executive Officer of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2004 Director of the Board of TMS ENTERTAINMENT CO., LTD.</p> <p>Jun. 2004 Executive Vice President (Director of the Board) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Oct. 2004 Senior Vice President (Director of the Board) of the Company</p> <p>Jun. 2007 Senior Vice President (Director of the Board) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2008 President (Representative Director) of TMS ENTERTAINMENT CO., LTD.</p> <p>Apr. 2014 Vice Chairman of the Board of the above</p> <p>Apr. 2014 President and COO (Representative Director) of SEGA CORPORATION (now SEGA Games Co., Ltd.)</p> <p>Jun. 2014 Senior Vice President (Director of the Board) of the Company</p> <p>Apr. 2015 President and COO (Representative Director) of SEGA Holdings Co., Ltd. (current position)</p> <p>Apr. 2015 Chairman of the Board of SEGA Games Co., Ltd.</p> <p>Apr. 2015 Chairman of the Board of SEGA Interactive Co., Ltd. (current position)</p> <p>Apr. 2015 Chairman of the Board (Representative Director) of TMS ENTERTAINMENT CO., LTD. (current position)</p> <p>Apr. 2015 Chairman of the Board (Representative Director) of SEGA TOYS CO., LTD. (current position)</p> <p>Apr. 2015 Chairman of the Board (Representative Director) of MARZA ANIMATION PLANET INC.</p> <p>Apr. 2015 Chairman of the Board (Representative Director) of DARTSLIVE Co., Ltd. (current position)</p> <p>May 2015 Chairman of the Board (Representative Director) of SEGA Games Co., Ltd.</p> <p>Sep. 2015 President (Director of the Board) of SEGA ENTERTAINMENT Co., Ltd.</p> <p>Apr. 2017 Executive Vice President (Director of the Board) of the Company (current position)</p> <p>Apr. 2017 Senior Vice President (Director of the Board) of SEGA Games Co., Ltd. (current position)</p> <p>Apr. 2017 President (Representative Director) of MARZA ANIMATION PLANET INC. (current position)</p> <p>Apr. 2017 Chairman of the Board of SEGA ENTERTAINMENT Co., LTD. (current position)</p>	19,112 shares
<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Hideki Okamura has served as a corporate manager of entertainment content business companies of the Group over the years and contributed to the improvement of corporate earnings.</p> <p>We seek appointment of Mr. Hideki Okamura as Director as we expect he will continue to benefit the decision making of the Company's Board of Directors with such experience and career record, and contribute to improving the corporate value of the Company.</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, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
6	Yuji Iwanaga (April 3, 1941)	<p>Apr. 1964 Joined Tohato Tokyo Seika Co., Ltd. (now Tohato Inc.)</p> <p>Sep. 1970 Joined General Aircon Inc. (now DENSO AIRCOOL CORPORATION)</p> <p>Apr. 1981 Registered with the Japan Federation of Bar Associations</p> <p>Apr. 1981 Joined Yanagita Sakuragi Law Office (now Yanagida &amp; Partners)</p> <p>Sep. 1984 Partner of Lillick McHose and Charles Law Office (now Pillsbury Winthrop Shaw Pittman LLP) (current position)</p> <p>Dec. 1984 Registered with the State Bar of California</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.</p> <p>Jun. 2007 Senior Vice President (Director of the Board (External)) of the Company (current position)</p> <p>Jun. 2016 Advisor of TAIYO YUDEN CO., LTD. (current position)</p>	—
<p>[Reason for nomination as candidate for External Director]</p> <p>Mr. Yuji Iwanaga has performed exceptional achievements concerning international corporate legal affairs of global corporations from his expert vantage point as an international attorney-at-law. Although he has not been involved in corporate management other than having served as External Directors, we seek appointment of Mr. Yuji Iwanaga as External Director as we deem that he will continue appropriately executing his duties as an External Director with his abundant experience and sophisticated knowledge of international legal affairs.</p>			
7	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 Senior Vice President (Director of the Board (External)) 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>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>Dec. 2010 Outside Director of U-NEXT Co., Ltd. (current position)</p> <p>Apr. 2013 Guest Professor, Faculty of Environment and Information Studies of Keio University</p> <p>Nov. 2013 Guest Professor, Graduate School of Media and Governance of Keio University (current position)</p> <p>Oct. 2014 Director, Member of the Board of KADOKAWA DWANGO CORPORATION (current position)</p> <p>Aug. 2016 Outside Director of Oracle Corporation Japan (current position)</p>	2,000 shares
<p>[Reason for nomination as candidate for External Director]</p> <p>We seek appointment of Mr. Takeshi Natsuno as External Director as we deem that he will continue to provide valuable opinions and suggestions on the management of the Company based on his wealth of experience as a corporate manager and sophisticated technical knowledge related to the information communication field.</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, and Position and Responsibilities at the Company	Number of the Company's Shares Owned
8	Kohei Katsukawa (January 8, 1951)	<p>Apr. 1974 Joined Sumitomo Bank (now Sumitomo Mitsui Banking Corporation)</p> <p>Apr. 2001 Executive Officer, Head of Osaka Corporate Banking Division II of Sumitomo Mitsui Banking Corporation</p> <p>Apr. 2005 Managing Executive Officer, Deputy Head of Whole sale Banking Unit (in charge of East Japan) of the above</p> <p>Jun. 2007 Executive Vice President and Representative Director of NIF SMBC Ventures Co., Ltd. (now SMBC Venture Capital Co., Ltd.)</p> <p>Jul. 2010 President and Representative Director of SMBC Venture Capital Co., Ltd.</p> <p>Apr. 2014 President and Representative Director of GINSEN Co., Ltd.</p> <p>Dec. 2014 Outside Director of Kyoto University Innovation Capital Co., Ltd. (current position)</p> <p>Jun. 2016 Senior Vice President (Director of the Board (External)) of the Company (current position)</p> <p>Jun. 2016 Special Advisor of GINSEN Co., Ltd. (current position)</p> <p>Jun. 2016 Outside Director of ELECOM CO., LTD (current position)</p>	—
<p>[Reason for nomination as candidate for External Director]</p> <p>We seek appointment of Mr. Kohei Katsukawa as External Director as we deem that he will continue to provide valuable opinions and suggestions on the management of the Company based on his wealth of experience and broad-ranging insight related to finance which he gained over many years in financial institutions.</p>			

- Notes:
1. The Company conducts transactions relating to intermediary services for insurance with FSC Co., Ltd., of which Mr. Hajime Satomi and Mr. Haruki Satomi own a majority of voting rights.
  2. There are no special interests between the Company and the other Director-nominees.
  3. Mr. Yuji Iwanaga, Mr. Takeshi Natsuno and Mr. Kohei Katsukawa are External Director-nominees, and the Company has notified the Tokyo Stock Exchange (TSE) of their inauguration as independent directors under the regulations of TSE.
  4. The Company has concluded a liability agreement that limits his liability to the minimum liability amount stipulated in laws and regulations with Mr. Yuji Iwanaga, Mr. Takeshi Natsuno and Mr. Kohei Katsukawa, respectively. If the proposal to elect Directors is approved at the Ordinary General Meeting of Shareholders, the Company plans to continue limited liability agreements with Mr. Yuji Iwanaga, Mr. Takeshi Natsuno and Mr. Kohei Katsukawa.
  5. Mr. Yuji Iwanaga, Mr. Takeshi Natsuno and Mr. Kohei Katsukawa shall have served as External Director of the Company for ten years, nine years and one year, respectively, at the conclusion of this Ordinary General Meeting of Shareholders.
  6. Mr. Takeshi Natsuno has formerly served as External Director of the Company's subsidiary SEGA Networks Co., Ltd. (now SEGA GAMES Co., Ltd.).
  7. Other positions and responsibilities held at the Company by each of the candidates who are currently serving as Director of the Company are stated in "1. Directors and Audit & Supervisory Board Members (As of March 31, 2017)" of "IV. Company Directors and Audit & Supervisory Board Members" of the Business Report.

**Proposal 2: To elect four (4) Audit & Supervisory Board Members**

The terms of office of all four (4) Audit & Supervisory Board Members will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we are seeking the election of four (4) Audit & Supervisory Board Members.

We have obtained the consent of the Audit & Supervisory Board with respect to the submission of this proposal.

The nominees for Audit & Supervisory Board Members are as described below:

Nominee No.	Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company, and Position at the Company	Number of the Company's Shares Owned
1	Shigeru Aoki (January 3, 1952)	<p>May 2005 Joined SEGA CORPORATION (now SEGA Games Co., Ltd.) as Head Councilor</p> <p>Jun. 2005 Vice President, Executive Officer and Managing Director 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 Vice President, Executive Officer and Managing Director of Business Administration Department of Sammy Corporation</p> <p>Aug. 2008 Vice President, Executive Officer and Managing Director of Corporate Division of the above</p> <p>Apr. 2009 Senior Vice President (Director of the Board) and Managing Director of Corporate Division of the above</p> <p>Jun. 2011 Executive Vice President (Director of the Board) and Managing Director of Corporate Division of the above</p> <p>Apr. 2012 President and COO (Representative Director) of the above</p> <p>Jun. 2013 Senior Vice President (Director of the Board) of the Company</p> <p>May 2015 Supervisor of Japan Pachinko Machine Industry Association</p> <p>Apr. 2016 Vice Chairman of the Board (Representative Director) of Sammy Corporation</p> <p>Jun. 2016 Standing Audit &amp; Supervisory Board Member of the Company (current position)</p> <p>Aug. 2016 Audit &amp; Supervisory Board Member of Japan Multimedia Services Corporation (current position)</p>	24,000 shares
<p>[Reason for nomination as candidate for Audit &amp; Supervisory Board Member]</p> <p>We seek appointment of Mr. Shigeru Aoki as Audit &amp; Supervisory Board Member as we deem that he will continue to provide valuable opinions and suggestions on the management of the Company based on his knowledge as a corporate manager, which he has gained from such roles as Director of the Company as well as President (Representative Director) of its subsidiary (Sammy Corporation).</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, and Position at the Company	Number of the Company's Shares Owned
2	Yukito Sakaue (December 23, 1951)	Apr. 2003 Joined Sammy Corporation as Director of Audit Office Jan. 2004 Director of Legal Department of Administration Division of the above Nov. 2006 Director of Audit & Supervisory Board Members' Office of the Company Jun. 2014 Audit & Supervisory Board Member of the Company (current position) Jun. 2014 Standing Audit & Supervisory Board Member of SEGA CORPORATION (now SEGA Games Co., Ltd.) Apr. 2015 Audit & Supervisory Board Member of SEGA Holdings Co., Ltd. Apr. 2015 Audit & Supervisory Board Member of SEGA Interactive Co., Ltd. (current position) Jun. 2015 Standing Audit & Supervisory Board Member of SEGA Holdings Co., Ltd. (current position) Jun. 2015 Audit & Supervisory Board Member of SEGA Games Co., Ltd. (current position) Jun. 2015 Audit & Supervisory Board Member of TMS ENTERTAINMENT CO., LTD. (current position) Jun. 2015 Audit & Supervisory Board Member of SEGA ENTERTAINMENT CO., LTD. (current position)	3,100 shares
[Reason for nomination as candidate for Audit & Supervisory Board Member] We seek appointment of Mr. Yukito Sakaue as Audit & Supervisory Board Member as we deem that he will continue to provide valuable opinions and suggestions on the management of the Company based on his knowledge of audit, corporate ethics and corporate governance which he gained through his duties concerning legal and audit issues since he joined the Company's subsidiary (Sammy Corporation).			
3	Tomio Kazashi (November 24, 1944)	Jun. 1990 Director of Cosmo Securities Co., Ltd. (now IwaiCosmo Securities Co.,Ltd.) Mar. 1996 Managing Director of the above Jun. 1999 Managing Director of Cosmo Investment Management Co., Ltd. (now Meiji Yasuda Asset Management Company Ltd.) Jun. 2005 Standing Audit & Supervisory Board Member of Sammy Networks, Co., Ltd. Jun. 2008 Substitute Audit & Supervisory Board Member (External) of the Company Jun. 2009 Standing Audit & Supervisory Board Member (External) of the Company (current position) Jun. 2009 Audit & Supervisory Board Member of Sammy Networks Co., Ltd. Jun. 2009 Audit & Supervisory Board Member of SEGA TOYS CO., LTD. Jul. 2012 Audit & Supervisory Board Member of SEGA Networks Co., Ltd. (now SEGA Games Co., Ltd.) Jul. 2015 Audit & Supervisory Board Member of SEGA LIVE CREATION Inc. (now CA Sega Joypolis Ltd.) Oct. 2015 Audit & Supervisory Board Member of SEGA SAMMY BUSINESS SUPPORT INC. (current position)	2,665 shares
[Reason for nomination as candidate for Audit & Supervisory Board Member (External)] We seek appointment of Mr. Tomio Kazashi as Audit & Supervisory Board Member (External) as we deem that he will continue to provide valuable opinions and suggestions on the management of the Company based on his knowledge of corporate management that he gained through his roles in management and as an Audit & Supervisory Board Member.			

[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 and Position at the Company	Number of the Company's Shares Owned
4	Mineo Enomoto (December 12, 1950)	Apr. 1978 Registered with the Japan Federation of Bar Associations May 2000 Established Enomoto Law Office Jun. 2004 Audit & Supervisory Board Member (External) of Sammy Networks Co., Ltd. Jun. 2004 Audit & Supervisory Board Member (External) of SEGA CORPORATION (now SEGA Games Co., Ltd.) Jun. 2005 Substitute Audit & Supervisory Board Member (External) of the Company Jun. 2006 Outside Audit & Supervisory Board Member of Nippon Koei Co., Ltd. (current position) Jun. 2007 Audit & Supervisory Board Member (External) of the Company (current position) Jun. 2014 Outside Audit & Supervisory Board Member of SHIMOJIMA Co., Ltd. (current position) Apr. 2015 Audit & Supervisory Board Member of SEGA Holdings Co., Ltd. (current position) Apr. 2015 Audit & Supervisory Board Member of SEGA Games Co., Ltd. Apr. 2015 Audit & Supervisory Board Member of SEGA Interactive Co., Ltd.	2,000 shares
[Reason for nomination as candidate for Audit & Supervisory Board Member (External)] We seek appointment of Mr. Mineo Enomoto as Audit & Supervisory Board Member (External) as we deem that he will continue to provide valuable opinions and suggestions on the management of the Company based on his abundant experience and deep insight as a lawyer.			

- Notes:
1. There are no special interests between each candidate and the Company.
  2. Mr. Tomio Kazashi and Mr. Mineo Enomoto are Audit & Supervisory Board Member (External) nominees, and the Company has notified the Tokyo Stock Exchange (TSE) of their inauguration as independent directors under the regulations of TSE.
  3. The Company has concluded a limited liability agreement that limits his or her liability to the minimum liability amount stipulated in laws and regulations with Mr. Shigeru Aoki, Mr. Yukito Sakaue, Mr. Tomio Kazashi, and Mr. Mineo Enomoto, respectively. If the proposal to elect the Audit & Supervisory Board Members is approved at the Ordinary General Meeting of Shareholders, the Company plans to continue limited liability agreements with Mr. Shigeru Aoki, Mr. Yukito Sakaue, Mr. Tomio Kazashi and Mr. Mineo Enomoto.
  4. Mr. Tomio Kazashi and Mr. Mineo Enomoto shall have served as Audit & Supervisory Board Member (External) of the Company for eight years and ten years, respectively, at the conclusion of this Ordinary General Meeting of Shareholders.
  5. Mr. Tomio Kazashi has formerly served as Audit & Supervisory Board Member of the Company's subsidiary Sammy Networks Co., Ltd., SEGA TOYS CO., LTD. and SEGA Networks Co., Ltd. (now SEGA Games Co., Ltd.). In addition, Mr. Tomio Kazashi currently serves as Audit & Supervisory Board Member of the Company's specified business partner, SEGA SAMMY BUSINESS SUPPORT INC.
  6. Mr. Mineo Enomoto has formerly served as Audit & Supervisory Board Member of the Company's subsidiary Sammy Networks Co., Ltd., SEGA CORPORATION (now SEGA Games Co., Ltd.) and SEGA Interactive Co., Ltd. In addition, Mr. Mineo Enomoto currently serves as Audit & Supervisory Board Member of the Company's specified business partner, SEGA Holdings Co., Ltd.
  7. A relative of Mr. Mineo Enomoto within the third degree of kinship is an employee of the Company's specified business partner, SEGA Games Co., Ltd.

**Proposal 3: To elect one (1) Substitute Audit & Supervisory Board Member**

We are seeking to elect one (1) Substitute Audit & Supervisory Board Member (External), in preparation for the case where the number of Audit & Supervisory Board Members (External) becomes less than the number prescribed by the laws and regulations.

We have obtained the consent of the Audit & Supervisory Board with respect to the submission of this proposal.

The nominee for Substitute Audit & Supervisory Board Member (External) is as described below:

Name (Date of Birth)	Brief Career Profile, Important Concurrent Duties outside the Company and Position at the Company			Number of the Company's Shares Owned
*Izumi Ogata (August 10, 1947)	Apr. 1985	Registered with the Japan Federation of Bar Associations		284 shares
	Jan. 1987	Established Ogata Izumi Law Office		
	May 2012	Audit & Supervisory Board Member of PHOENIX RESORT CO., LTD (current position)		
[Reason for nomination as candidate for Substitute Audit & Supervisory Board Member (External)] We seek appointment of Mr. Izumi Ogata as Substitute Audit & Supervisory Board Member (External) as we deem that his considerable insight accumulated through his long career as an attorney-at-law will benefit the Company's audit and compliance activities, and that he will be able to provide appropriate advice and suggestions to the management of the Company although he has not been involved in corporate management other than having served as outside directors.				

(A nominee marked with "\*" is a new nominee for Substitute Audit & Supervisory Board Member.)

- Notes:
1. There are no special interests between Mr. Izumi Ogata and the Company.
  2. Mr. Izumi Ogata is an Audit & Supervisory Board Member of the Company's specified business partner, PHOENIX RESORT CO., LTD.
  3. The Company's specified business partners, Sammy Corporation and RODEO Co., Ltd. have entered into a legal advisory contract with Mr. Izumi Ogata and pay advisory fees monthly, which is comparable in amount to advisory fees that these companies pay to other law firms. In addition, he does not receive substantial financial reward from the Group in terms of independence criteria for Outside Directors stipulated by the Company.
  4. Mr. Izumi Ogata is a candidate for Substitute Audit & Supervisory Board Member (External).
  5. The Company intends to notify the Tokyo Stock Exchange (TSE) of the inauguration of Mr. Izumi Ogata as independent director under the regulations of TSE, if he assumes the position as Audit & Supervisory Board Member (External).
  6. If Mr. Izumi Ogata assumes the position as Audit & Supervisory Board Member (External), the Company plans to conclude a limited liability agreement that limits his liability to the minimum liability amount stipulated in laws and regulations with him.