



May 10, 2019

(Translation)

Dear Sirs or Madams,

Name of Company: SEGA SAMMY HOLDINGS INC.  
Name of Representative: Haruki Satomi,  
President and Group COO  
(Representative Director)  
(Code No. 6460, Tokyo Stock Exchange 1st Section)  
Further Inquiry: Yoichi Owaki,  
Vice President,  
Senior Executive Officer  
Managing Director of  
Finance & Accounting Division  
(TEL: 03-6864-2400)

Notice of Revision of Amount of Compensation of Director of the Board  
and  
Introduction of Stock Compensation Plan with Restriction of Transfer

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the Company) comprehensively reviewed its officers' compensation plan at its Board of Directors held on May 10, 2019 and, as a result, has resolved to propose a bill requesting approval of revision of the amount of compensation of Director of the Board and introduction of a stock compensation plan with restriction of transfer at the Company's 15th Annual General Meeting of Shareholders scheduled to be held on June 21, 2019 ("AGM") as described below.

Description

1. Revision of the amount of compensation of Director of the Board
- (1) Content of proposal

At our 8th Annual General Meeting of Shareholders held on June 19, 2012, the amount of compensation for the Company's Director of the Board of not more than JPY 1 billion per year (this amount does not include salaries provided to Director of the Board who concurrently serve

as employees for their services as employees) was approved. As part of the revision of its officers' compensation plan, the Company would like to request our shareholders' approval for revising the amount of compensation of Director of the Board to not more than JPY 1.7 billion per year.

The Company took into consideration an increase in the amount of compensation resulting from a change in the number of Director of the Board. Also the same as the Company's prior treatment, the compensation of Director of the Board will not include salaries provided to the Director of the Board concurrently serving as employees for their services as employees.

(2) Reason for revision of amount of compensation

The Company comprehensively reviewed its officers' compensation plan with the aim of securing transparency at the same time as providing the incentives to promote management that realizes an increase of corporate value of the Company's group.

With regard to fixed compensation, the Company has created a compensation table which designates the amount for each of these three elements: base compensation, responsibility-related compensation and role-related compensation. The Company will pay the total amount of the above three compensations as monthly fixed compensation. For Officers' bonus which is provided as single-year, performance-based compensation, the Company has created a bonus payment table which designates the amount of officers' bonus in number of months (meaning monthly fixed compensation multiplied by the number shown in the Officers' bonus table below will be the amount of bonus), according to the following three factors: the level of ordinary profit, degree of achievement of business plan and year-on-year growth level. The compensation table and the bonus table are as shown below. In the case where the amount of profit attributable to owners of parent for the current period is negative, the officers' bonus will not be paid.

(I) Fixed compensation (monthly compensation, in JPY million)

Base compensation		Responsibility-related compensation		Role-related compensation	
Chairman	15.0	Representative Director	3.0	CEO	5.0
President	8.0			COO	3.0
Deputy COO	4.5			CFO	1.0
Senior Executive Vice President	4.0				
Executive Vice President	3.5				
Director of the Board	3.0				
In case of concurrently serving positions of Representative Director and President of Sammy Inc. or SEGA Holdings Co., Ltd.	4.0				

- \* This table will not be applied to External Directors of the Board.
- \* In case of concurrently serving the positions above, base compensation for the higher rank will be applied.
- \* Director of the Board being assigned a post in overseas will receive overseas assignment benefit in addition to the above.

(II) Officers' bonus

The amount of bonus is determined by multiplying the amount of fixed compensation described above with the coefficient provided in the bonus table calculated with following bases.

(i) Amount of ordinary profit

Evaluation	Amount of ordinary profit
SS	JPY 70 billion or greater
S	JPY 50 billion or greater and less than JPY 70 billion
A+	JPY 35 billion or greater and less than JPY 50 billion
A	JPY 20 billion or greater and less than JPY 35 billion
B	JPY 10 billion or greater and less than JPY 20 billion
C	Less than JPY 10 billion
D	In case of ordinary loss

(ii) Degree of achievement of business plan and year-on-year growth level

(a. Degree of achievement of business plan)

Sales	Ordinary profit	Points
Achieved	Achieved	7 points
Not achieved	Achieved	5 points
Achieved	Not achieved	1 point
Not achieved	Not achieved	0 point

(b. Year-on-year growth level)

Sales	Ordinary profit	Points
Achieved	Achieved	3 points
Not achieved	Achieved	2 points
Achieved	Not achieved	1 point
Not achieved	Not achieved	0 point

(The evaluation are determined by the aggregate points of "a. Degree of achievement of business plan" and "b. year-on-year growth level")

Points	Evaluation
9 points or greater	5
7 to 8 points	4
5 to 6 points	3
2 to 4 points	2
1 point or less	1

\*All of the indices used above are the consolidated amount of sales and consolidated ordinary profit mentioned in the summary of financial results or annual securities report.

(Officers' bonus table)

Bonus table (coefficient) is determined according to a seven-level scale evaluation based on the amount of ordinary profit, and a five-level scale evaluation based on the degree of achievement of business plan and year-on-year growth level.

<b>SS</b>	<b>JPY 70 billion or greater</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	Chairman	13.50	12.75	12.00	11.50	11.00
	President	12.50	11.75	11.00	10.50	10.00
	Executive Director of the Board	10.50	9.75	9.00	8.50	8.00
	Director of the Board	10.00	9.25	8.50	8.00	7.50
<b>S</b>	<b>JPY 50 billion or greater and less than JPY 70 billion</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	Chairman	12.50	11.75	11.00	10.50	10.00
	President	11.50	10.75	10.00	9.50	9.00
	Executive Director of the Board	9.50	8.75	8.00	7.50	7.00
	Director of the Board	9.25	8.50	7.75	7.25	6.75
<b>A+</b>	<b>JPY 35 billion or greater and less than JPY 50 billion</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	Chairman	11.50	10.75	10.00	9.50	9.00
	President	10.50	9.75	9.00	8.50	8.00
	Executive Director of the Board	8.50	7.75	7.00	6.50	6.00
	Director of the Board	8.25	7.50	6.75	6.25	5.75
<b>A</b>	<b>JPY 20 billion or greater and less than JPY 35 billion</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	Chairman	10.50	9.75	9.00	8.50	8.00
	President	9.50	8.75	8.00	7.50	7.00
	Executive Director of the Board	7.50	6.75	6.00	5.50	5.00
	Director of the Board	7.25	6.50	5.75	5.25	4.75

<b>B</b>	<b>JPY 10 billion or greater and less than JPY 20 billion</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	Chairman	9.50	8.75	8.00	7.50	7.00
	President	8.50	7.75	7.00	6.50	6.00
	Executive Director of the Board	6.50	5.75	5.00	4.50	4.00
	Director of the Board	6.50	5.75	5.00	4.50	4.00
<b>C</b>	<b>Less than JPY 10 billion</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	Chairman	8.00	7.25	6.50	6.00	5.50
	President	7.00	6.25	5.50	5.00	4.50
	Executive Director of the Board	5.00	4.25	3.50	3.00	2.50
	Director of the Board	5.00	4.25	3.50	3.00	2.50
<b>D</b>	<b>In case of ordinary loss</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
	Chairman	0.00	0.00	0.00	0.00	0.00
	President	0.00	0.00	0.00	0.00	0.00
	Executive Director of the Board	0.00	0.00	0.00	0.00	0.00
	Director of the Board	0.00	0.00	0.00	0.00	0.00

(Reference information)

Currently, the number of Director of the Board is eight (of which three are External Director of the Board). If a proposal for appointment of Director of the Board is approved without modification at the AGM, the number of Director of the Board will be ten (of which four will be External Director of the Board). In such case, the maximum amounts of officer's bonus which may be paid to individual officers calculated based on the amount of fixed compensation will be as shown below.

Please note that these maximum amounts are given as samples. The actual amounts will be calculated based on the new roles and positions approved at the Board of Directors held after the close of the AGM.

	Maximum amount of officer's bonus
Chairman and CEO (Representative Director)	JPY 310,500,000
President and COO (Representative Director)	JPY 175,000,000
Senior Executive Vice President (Director of the Board)	JPY 42,000,000
Executive Vice President and CFO (Director of the Board)	JPY 47,250,000
Executive Vice President (Director of the Board)	JPY 42,000,000
Director of the Board	JPY 30,000,000

## 2. Introduction of stock compensation plan with restriction of transfer

The purpose of the stock compensation plan with restriction of transfer ("Plan") is to provide the Company's Directors of the Board (excluding External Directors of the Board, "Eligible Directors") with the incentives to promote a sustainable improvement of the Company's corporate value, as well as to further enhance the sharing of value between the Eligible Directors and shareholders.

Through the direct holding of the Company's shares under the Plan, the Eligible Directors will not only enjoy with our shareholders the benefits from the profit resulting from fluctuations of share price and other relevant events, but also will bear the risks arising from the same. Because of this, the Company considers that the introduction of the Plan enables further alignment of the Company's long-term profit with that of our shareholders, and also enables the Eligible Directors to exercise their maximum abilities with the aim of realizing the improvement of the Company's corporate value in the mid- to long-term view.

Concurrently with the scheduled publication of a new mid- to long-term plan at a later date, the Company plans to introduce a stock with restriction of transfer similar to the stock with restriction of transfer described in this Press Release to other companies within the Company's group.



[Outline of the Plan]

(1) Class and number of stocks with restriction of transfer allocated to Eligible Directors

Stocks with restriction of transfer to be allocated to the Eligible Directors under the Plan will be common stocks of the Company. The number of such stocks will be determined at the Board of Directors of the Company, after taking the operating results of the previous year into consideration. The total number of the Company's common stocks issued to or disposed of for the Eligible Directors under the Plan will not exceed 300,000 shares per year (please see the Note below).

(Note) In the case where the Company conducts an act which may have an impact on per share value, such as a stock split or reverse stock split with the effective date on or after the date of resolution at the AGM, the Company will reasonably adjust the maximum number of the Company's total common stocks to be issued or disposed of, after taking factors such as the split ratio or reverse split ratio into consideration.

(2) Amount to be paid in for stocks with restriction of transfer

The amount to be paid in per one share of the Company's common stocks to be issued or disposed of for the Eligible Directors under the Plan will be determined at the Board of Directors of the Company, based on the closing price of the common stocks of the Company quoted at the Tokyo Stock Exchange on the business day immediately preceding the date of resolution at the Board of Directors of the Company (if no trading take place on such day, then the closing price on the immediately preceding trading day). The determined amount must be in the range that would not be particularly beneficial to the Eligible Directors who will be allocated such common stocks.

(3) Provision of monetary receivables and contribution in kind

The Company will provide each of the Eligible Directors with monetary compensation receivables in an amount equivalent to the amount to be paid in for the common stocks of the Company to be issued or disposed of. The Eligible Directors will contribute all of such monetary compensation receivables as assets for contribution in kind and will receive such common stocks in return.

(4) Execution of agreement on allocation of stocks with restriction for transfer

For the issuance or disposition of the Company's common stocks under the Plan, an agreement on allocation of stocks with restriction of transfer, which includes the following terms, will be executed between the Company and the Eligible Directors.

- (I) For a certain period of time, the Eligible Directors may not transfer, create security interest over or otherwise dispose of the common stocks of the Company issued or disposed of under the Plan.
- (II) If certain event(s) occur(s), the Company shall acquire all or part of such common stocks without charge.

3. Submission of proposal to the AGM

Under the Plan, monetary compensation receivables in an amount equivalent to the amount to be paid in for the common stocks of the Company to be issued or disposed of will be provided to the Eligible Directors. As such, a proposal required for such provision of monetary compensation receivables shall be submitted to the AGM. The issuance or disposal of such common stocks shall be subject to approval of such proposal by the Company's shareholders at the AGM.

To give further details, the amount of compensation of the Director of the Board of JPY 1 billion per year was approved at our 8<sup>th</sup> Annual General Meeting of Shareholders held on June 19, 2012. If the proposal on revision of the amount of compensation of Director of the Board is approved without modification, the amount of compensation of Director of the Board will be increased to not more than JPY 1.7 billion per year. However, separately from the permitted amount of compensation described above, at the AGM, the Company plans to ask for our shareholders' approval on its additional provision of compensation required for such grant of common stocks, in an amount not exceeding JPY 0.3 billion per year.

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