

July 19, 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 Disposal of Treasury Stock as Stock Compensation with Restriction of Transfer

It is hereby notified that SEGA SAMMY HOLDINGS INC. (the Company) has resolved to dispose treasury stock as stock compensation (the "Treasury Stock Disposal") at its Board of Directors' meeting held on July 19, 2019, as described below.

Description

1. Overview of Disposal

(1) Disposal Date	August 18, 2019
(2) Class and Number of Shares to be Disposed	56,300 shares of the Company's common stock
(3) Disposal Amount	JPY 1,292 per share
(4) Total Disposal Amount	JPY 72,739,600
(5) Allottee	Five (5) directors (excluding External Directors of the Board) 56,300 shares
(6) Other	With regard to the Treasury Stock Disposal, the Company has submitted the Written Notice of Securities in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and Reason for Disposal

The Company resolved at its Board of Directors' meeting held on May 10, 2019 to introduce a stock compensation plan with restriction of transfer (the "Plan") with the purpose of providing the Company's Directors of the Board (excluding External Directors of the Board, "Eligible Directors") with incentive to promote sustainable improvement of the Company's corporate value, as well as to further enhance the sharing of value between the Eligible Directors and shareholders. Furthermore, it has been approved at the 15th Annual General Meeting of Shareholders held on June 21, 2019 to provide compensation required for granting stock with restriction of transfer

based on the Plan.

3. Outline of the Plan

Under the Plan, the Eligible Directors will contribute all monetary compensation receivables provided by the Company as properties contributed in kind based on the resolution of the Board of Directors, and will receive the Company's common stock that will be issued or disposed of.

The total common stock which the Company will issue to or dispose of for the Eligible Directors under the Plan will not exceed 300,000 shares per year. The amount to be paid in per one share of stock will be determined by the Board of Directors of the Company, based on the closing price of the common stock of the Company quoted at the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors (if no trading takes 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 stock.

Furthermore, for the issuance or disposition of the Company's common stock under the Plan, an agreement on allocation of stock with restrictions of transfer (the "Allocation Agreement") will be executed between the Company and the Eligible Directors, including the following terms: (I) For a certain period of time (the "Transfer Restriction Period"), the Eligible Directors may not transfer, create security interest over or otherwise dispose (the "Transfer Restriction") of the common stock of the Company they are allocated with (the "Allocated Stock") and (II) If certain event(s) occur(s), the Company shall acquire the Allocated Stock without compensation.

On this occasion, the Company decided to grant monetary compensation receivables in a total amount of 72,739,600 yen and consequently 56,300 shares of common stock to 5 Eligible Directors by comprehensively considering the purpose of the Plan, respective Eligible Directors' contribution level to the business performance of the Company in the previous fiscal year and other various matters. The Transfer Restriction Period is set at three (3) years, by considering the purpose of introducing the Plan, which is to provide incentive for promoting sustainable improvement of the Company's corporate value, as well as to further enhance the sharing of value between the Eligible Directors and shareholders.

Under the Treasury Stock Disposal, the Eligible Directors who are the planned allottee will contribute all monetary compensation receivables as properties contributed in kind, and will receive the Company's common stock that will be disposed of.

4. Outline of the Allocation Agreement

(1) Transfer Restriction Period: August 18, 2019 – August 17, 2022

(2) Conditions for cancelling Transfer Restriction

On the condition that an Eligible Director continuously serves in any position as the Director of the Board or as Executive Officer of the Company or subsidiary of the Company (limited to subsidiaries in which the Company holds 50% or more in shareholding percentage; the Company and such subsidiaries are collectively referred to as the "Company's Group Companies") from the starting date of the Transfer Restriction Period to the day prior to the date when the first Company's

Annual General Meeting of Shareholders will be held after the above starting date, the Company will cancel the Transfer Restriction regarding the Allocated Stock held by the Eligible Director at the time of expiration of the Transfer Restriction Period; provided, however, that, if an Eligible Director resigns or retires from his/her position(s) as Director of the Board or Executive Officer of the Company's Group Companies before the Transfer Restriction Period expires due to expiration of term of office, retirement age, death, or other reasons deemed legitimate by the Board of Directors of the Company, the Company will cancel, at the time immediately after such resignation or retirement, the Transfer Restriction regarding the Allocated Stock allocated to such an Eligible Director.

(3) Acquisition by the Company without compensation

The Company will acquire the Allocated Stock, in case certain event(s) occur(s) such as resignation or retirement of an Eligible Director from his/her position(s) as Director of the Board or Executive Officer of the Company's Group Companies from the starting date of the Transfer Restriction Period to the day prior to the date when the first Company's Annual General Meeting of Shareholders will be held after the above starting date (excluding cases when the resignation or retirement is due to expiration of term of office, retirement age, death, or other reasons deemed legitimate by the Board of Directors of the Company), as a matter of course, without compensation. Furthermore, the Company will acquire the Allocated Stock, for which the Transfer Restriction has not been cancelled as of the expiration of the Transfer Restriction Period, as a matter of course, without compensation.

(4) Treatment at organizational restructuring, etc.

In the event a merger agreement in which the Company will become the absorbed company, a stock exchange agreement or a stock transfer plan in which the Company will become the wholly-owned subsidiary, or any other matter related to organizational restructuring, etc., is approved at the General Meeting of Shareholders of the Company (or if approval in the General Meeting of Shareholders of the Company is not required in relation to such organizational restructuring, etc., then at the Board of Directors of the Company) during the Transfer Restriction Period, and in case such organizational restructuring, etc. results in the resignation or retirement of Eligible Director(s) allocated with stock with restriction of transfer from his/her position(s) as Director of the Board or Executive Officer of the Company's Group Companies, the Company will cancel the Transfer Restriction based on the resolution of the Board of Directors of the Company prior to the effective date of such organizational restructuring, etc. Furthermore, in cases prescribed above, the Company will acquire the Allocated Stock which the Transfer Restriction has not been cancelled as of the time immediately after the cancellation of the Transfer Restriction (in case cancellation of the Transfer Restriction based on the provisions mentioned above will not occur, as of the time preceding the effective date of such organization restructuring, etc. reasonably decided by the Board of Directors of the Company), as a matter of course, without compensation.

(5) Management of stock

During the Transfer Restriction Period, the Allocated Stock will be managed in dedicated accounts opened by the Eligible Directors in SMBC Nikko Securities Inc. in order to make transfer, create security interest over, or otherwise dispose

of the Allocated Stock unavailable during the Transfer Restriction Period. The Company has executed an agreement with SMBC Nikko Securities Inc. concerning the management of the accounts for the Allocated Stock owned by the Eligible Directors to secure effectiveness of the Transfer Restriction, etc. for the Allocated Stock.

5. Basis of calculation of the amount to be paid and other details

With regard to the disposal amount at the Treasury Stock Disposal, it is decided to be 1,292 yen, which is the closing price of the common stock of the Company at the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' meeting of the Company (July 18, 2019) in order to eliminate arbitrariness from the decision-making concerning the amount. The Company believes that the amount is reasonably decided and is not a beneficial amount as it is the market share price immediately prior to the resolution made by the Board of Directors of the Company.

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