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Securities Code 6417  
June 9, 2016

**To Those Shareholders with Voting Rights**

Kimihisa Tsutsui  
Representative Director, President & COO  
SANKYO CO., LTD.  
3-29-14 Shibuya, Shibuya-ku, Tokyo, Japan

**NOTICE OF THE 51<sup>ST</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to the 51<sup>st</sup> Ordinary General Meeting of Shareholders of the Company. The meeting will be held as stated below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders as described hereinafter, and exercise your voting rights by no later than 6:00 p.m. on Tuesday, June 28, 2016.

- 1. Date and Time:** Wednesday, June 29, 2016 at 10:00 a.m.
- 2. Place:** Star Room, The Westin Tokyo, B2F, 1-4-1 Mita, Meguro-ku, Tokyo (located within Yebisu Garden Place)
- 3. Agenda of the Meeting:**
  - Matters to be reported:**
    1. Business Report, Consolidated Financial Statements for the 51<sup>st</sup> Fiscal Term (from April 1, 2015 to March 31, 2016) and results of audits by the Accounting Auditor and the Board of Statutory Auditors of the Consolidated Financial Statements
    2. Non-Consolidated Financial Statements for the 51<sup>st</sup> Fiscal Term (from April 1, 2015 to March 31, 2016)

**Proposals to be resolved:**

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Five Directors

## Reference Documents for the General Meeting of Shareholders

### Proposals and references

#### Proposal No. 1: Appropriation of Surplus

The Company regards the return of profits to shareholders as one of the most important management priorities. The Company's dividend policy is to maintain a payout ratio of 25% of consolidated net income and the aim is to continuously increase dividends.

The Company will effectively utilize retained earnings for enhancing product development, capital investment, and sales & marketing to improve business performance. Repurchasing of own shares will be decided from the viewpoint of increasing capital efficiency.

For the 51st fiscal term, the Company proposes to pay a year-end dividend of ¥75 per share. Including the interim dividend of ¥75 per share, the amount of full-year dividends will be ¥150 per share, resulting in a consolidated payout ratio of 118.3%. In line with the above policy and from the viewpoint of maintaining stable dividend payment, the amount of full-year dividends will be unchanged from the previous year. The details are described below.

Additionally, the Company proposes reversal of part of the general reserve in order to enable implementation of a flexible capital policy, such as shareholder returns in response to change in the operating environment in the future.

#### 1. Matters concerning the year-end dividends

##### (1) Type of dividend property

Dividends will be paid in cash.

##### (2) Appropriation of dividend property to shareholders and total amount

¥75 per share of the Company's common stock, for a total amount of ¥6,088,266,075

As a result, the annual dividend for this term, including interim dividend, would be ¥150 per share.

##### (3) Effective date of dividends from surplus

June 30, 2016

#### 2. Matters concerning the appropriation of other surplus

##### (1) Decreased account item and its amount

General reserve ¥36,000,000,000

##### (2) Increased account item and its amount

Retained earnings brought forward ¥36,000,000,000

**Proposal No. 2: Election of Five Directors**

All five Directors of the Company will complete their term of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes the election of five Directors.

The candidates for Directors are as follows:

No.	Name	Current position and assignment at the Company	Attendance at meetings of the Board of Directors
1	Reappointment Hideyuki Busujima	Representative Director, Chairman of the Board & CEO	100% (14/14)
2	Reappointment Kimihisa Tsutsui	Representative Director, President & COO	100% (14/14)
3	Reappointment Ichiro Tomiyama	Director & Senior Executive Operating Officer, Head of Sales & Marketing Division & Senior General Manager of Parlor Business Division	100% (14/14)
4	Reappointment Outside Director Independent Director Taro Kitani	Outside Director	100% (11/11)
5	Reappointment Outside Director Independent Director Takashi Miura	Outside Director	100% (11/11)

Note: The status of attendance at meetings of the Board of Directors by Mr. Taro Kitani and Mr. Takashi Miura only covers the meetings of the Board of Directors held on or after June 26, 2015 when they assumed office as Director.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
1	Reappointment Hideyuki Busujima (September 30, 1952)	<p>June 1985 Executive Director of the Company</p> <p>January 1988 Senior Executive Director of the Company</p> <p>February 1992 Representative Senior Executive Director of the Company</p> <p>June 1992 Representative Director &amp; Senior Executive Vice President of the Company</p> <p>June 1996 Representative Director, President &amp; CEO of the Company</p> <p>April 2008 Representative Director, Chairman of the Board &amp; CEO of the Company (to present)</p> <p>(Significant concurrent positions) Representative Director &amp; President of Sankyo Create Co., Ltd.</p>	2,431,400

#### Reasons for nomination as a candidate for Director

Ever since his appointment as Representative Director, President & CEO of the Company in 1996, Mr. Hideyuki Busujima has concentrated resources on the pachinko and pachislot machines businesses and played a leading role in the Company's development. Since his appointment as Representative Director, Chairman of the Board & CEO, he has also sharpened the focus on the shareholder return policy. While maintaining stable dividend payment, he has been promoting flexible share buybacks to enhance shareholder value.

The Company has nominated Mr. Busujima as a candidate for Director because the Company believes that Mr. Busujima will contribute to sustainable enhancement of the Group's corporate value by continuing to perform his duties as a Director.

Note: No conflict of interest exists between the Company and Mr. Busujima.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
2	Reappointment Kimihiisa Tsutsui (April 1, 1953)	<p>June 1998 Director &amp; Office Manager of the President's Office of the Company</p> <p>June 2002 Executive Director &amp; Office Manager of the President's Office of the Company</p> <p>July 2002 Executive Director &amp; Office Manager of Corporate Planning Office of the Company</p> <p>April 2005 Executive Director &amp; General Manager of Corporate Planning Division of the Company</p> <p>April 2008 Director &amp; Senior Executive Operating Officer, Head of Administration Division &amp; General Manager of Accounting &amp; Finance Department and General Manager of Corporate Planning Division of the Company</p> <p>April 2010 Director &amp; Senior Executive Vice President, Supervising Administration Division, Manufacturing Division, Intellectual Property Division and Corporate Planning Division &amp; Head of Intellectual Property Division of the Company</p> <p>April 2011 Director &amp; Senior Executive Vice President, Supervising Administration Division, Manufacturing Division, Intellectual Property Division and Corporate Planning Division of the Company</p> <p>April 2012 Representative Director, President &amp; COO of the Company (to present)</p> <p>(Significant concurrent positions) Director of Sankyo Create Co., Ltd. Outside Director of Gamecard-Joyco Holdings, Inc.</p>	12,000

#### Reasons for nomination as a candidate for Director

Mr. Kimihiisa Tsutsui has many years of experience in corporate planning. He was also engaged in constructive dialogue with shareholders and investors as a Director responsible for IR. Since his appointment as Representative Director, President & COO, he has been exercising leadership and supervising performance of duties by Directors and Operating Officers in order to achieve growth of the Group's business. In addition, he has a key position in an industry organization and is promoting vitalization of the pachinko and pachislot industry and improvement of its social status.

The Company has nominated Mr. Tsutsui as a candidate for Director because the Company believes that Mr. Tsutsui will contribute to sustainable enhancement of the Group's corporate value by continuing to perform his duties as a Director.

Note: No conflict of interest exists between the Company and Mr. Tsutsui.

No.	Name (Date of birth)	Career summary, position, assignment	Number of shares of the Company held	
3	Reappointment  Ichiro Tomiyama (March 13, 1958)	April 2008	Operating Officer & Deputy Head of Sales & Marketing Division & Regional General Manager for the Kinki & Shikoku Region & General Manager of Osaka Branch of the Company	3,300
		April 2009	Operating Officer & Deputy Head of Sales & Marketing Division & Regional General Manager for the Kinki Region & General Manager of Osaka Branch of the Company	
		April 2010	Operating Officer & Deputy Head of Sales & Marketing Division of the Company	
		April 2011	Operating Officer & Regional General Manager for the Kinki Region & General Manager of Osaka Branch of the Company	
		April 2012	Executive Operating Officer, Head of Sales & Marketing Division & General Manager of Sales Strategy Department & Senior General Manager of Head Office Sales Department of the Company	
		April 2014	Executive Operating Officer, Head of Sales & Marketing Division & General Manager of Sales Strategy Department of the Company	
		June 2014	Director & Executive Operating Officer, Head of Sales & Marketing Division & General Manager of Sales Strategy Department of the Company	
		April 2015	Director & Senior Executive Operating Officer, Head of Sales & Marketing Division & General Manager of Sales Strategy Department of the Company	
		February 2016	Director & Senior Executive Operating Officer, Head of Sales & Marketing Division & Senior General Manager of Parlor Business Division & General Manager of Sales Strategy Department of the Company	
April 2016	Director & Senior Executive Operating Officer, Head of Sales & Marketing Division & Senior General Manager of Parlor Business Division of the Company (to present)			

### Reasons for nomination as a candidate for Director

Mr. Ichiro Tomiyama has gained a wealth of experience and a track record of achievements in the course of his career at the frontline of sales for many years. Since his appointment as Director & Senior Executive Operating Officer, he has played a leading role in the continuous improvement of market share by strengthening marketing and promoting enhancement of the brand value of the Group in order to establish a position as a leading enterprise.

The Company has nominated Mr. Tomiyama as a candidate for Director because the Company believes that Mr. Tomiyama will contribute to sustainable enhancement of the Group's corporate value by continuing to perform his duties as a Director.

Note: No conflict of interest exists between the Company and Mr. Tomiyama.

No.	Name (Date of birth)	Career summary, position, assignment	Number of shares of the Company held
4	Reappointment Outside Director Independent Director  Taro Kitani (May 4, 1976)	October 2004 Registered as attorney at law. Joined KOHWA SOHGOH LAW OFFICES (to present)  June 2015 Director of the Company (to present)	-

#### **Reasons for nomination as a candidate for Outside Director**

Mr. Taro Kitani is well versed in corporate legal affairs as an attorney at law and has sufficient insight into corporate governance. He has been stating objective and fair opinions at meetings of the Board of Directors from a third-party perspective, considering the achievement of both economic performance and social performance. He is overseeing the Company's management appropriately and is contributing to strengthening of the Company's corporate governance.

Although Mr. Kitani has never been directly involved in corporate management, the Company believes that, based on his professional knowledge and experience as an attorney at law, he will continue to be able to adequately perform decision-making on important matters of the Company's management and oversight of business execution. He also meets the standards for Independent Directors defined by Tokyo Stock Exchange, Inc. and is unlikely to cause conflict of interest with general shareholders. Therefore, the Company has nominated Mr. Kitani as a candidate for Outside Director.

Note:1. No conflict of interest exists between the Company and Mr. Kitani.

Note:2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Kitani. The limit of his liability for damages in accordance with the said liability limitation agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to continue the said liability limitation agreement with him.

Note:3. Mr. Kitani is a candidate for Outside Director. He is an Independent Director as defined in the Securities Listing Regulations of Tokyo Stock Exchange, Inc. If his election is approved, the Company intends to appoint him as Independent Director.

Note:4. Mr. Kitani has never been the Company's legal advisor.

Note:5. Mr. Kitani will have served as an Outside Director of the Company for one year at the closing of this General Meeting of Shareholders.

No.	Name (Date of birth)	Career summary, position, assignment		Number of shares of the Company held
5	Reappointment Outside Director Independent Director	October 1990	Established OCCS PLANNING Center (current Cloudpoint Inc.); Representative Director, Cloudpoint Inc. (to present)	-
	Takashi Miura (February 19, 1963)	June 2015	Director of the Company (to present)	

### Reasons for nomination as a candidate for Outside Director

Mr. Takashi Miura serves as Representative Director of Cloudpoint Inc. and has a wealth of experience and knowledge as a corporate manager well versed in the IT and marketing fields. Concerning matters deliberated at meetings of the Board of Directors such as business plans and risks involved in pursuing growth, he has been providing evaluations and stating opinions from a multifaceted perspective based on his experience in management and thus he is helping ensure the effectiveness and appropriateness of the preconditions and decision-making.

The Company believes that Mr. Miura will continue to be able to adequately carry out decision-making on important matters of the Company's management and oversight of business execution. He also meets the standards for Independent Directors defined by Tokyo Stock Exchange, Inc. and is unlikely to cause conflict of interest with general shareholders. Therefore, the Company has nominated Mr. Miura as a candidate for Outside Director.

Note:1. No conflict of interest exists between the Company and Mr. Miura.

Note:2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with Mr. Miura. The limit of his liability for damages in accordance with the said liability limitation agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to continue the said liability limitation agreement with him.

Note:3. Mr. Miura is a candidate for Outside Director. He is an Independent Director as defined in the Securities Listing Regulations of Tokyo Stock Exchange, Inc. If his election is approved, the Company intends to appoint him as Independent Director.

Note:4. Although Cloudpoint Inc. where Mr. Miura serves as a Representative Director and the Company have business transactions, the amount of transactions is insignificant (accounting for under 2% of net sales or under 0.1% of cost of sales of the SANKYO Group on a consolidated basis) and thus, the two companies do not have significant business relationships.

Note:5. Mr. Miura will have served as an Outside Director of the Company for one year at the closing of this General Meeting of Shareholders.

Note:6. Mr. Miura is scheduled to resign from his position as a Statutory Auditor of Bisty Co., Ltd., a subsidiary of the Company, effective June 24, 2016.