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Securities Code 6417  
June 8, 2018

**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 53<sup>rd</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to the 53<sup>rd</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 Wednesday, June 27, 2018.

- 1. Date and Time:** Thursday, June 28, 2018 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 53<sup>rd</sup> Fiscal Term (from April 1, 2017 to March 31, 2018) 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 53<sup>rd</sup> Fiscal Term (from April 1, 2017 to March 31, 2018)

**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 53rd 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 219.4%. 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.

#### 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 ¥6,088,212,825

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 29, 2018

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

All four Directors of the Company will complete their terms of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes to increase the number of Directors by one to strengthen the management system and elect 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% (16/16)
2	Reappointment Kimihisa Tsutsui	Representative Director, President & COO	100% (16/16)
3	Reappointment Ichiro Tomiyama	Director & Senior Executive Vice President Head of Sales & Marketing Division & Head of Product Management Division	100% (16/16)
4	Reappointment Outside Director Independent Director Taro Kitani	Outside Director	100% (16/16)
5	New candidate Outside Director Independent Director Hiroyuki Yamasaki	-	-

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 contributed to the Company's development. As well as leading development, manufacturing, and sales of innovative models that set the pace in the industry, he launched the strategy to expand SANKYO as a group and established the foundation for the current three-brand structure. Since his appointment as Representative Director, Chairman of the Board & CEO in 2008, 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 in 2012, 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, having a key position in an industry organization, he 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)	<p>April 2008    Operating Officer &amp; Deputy Head of Sales &amp; Marketing Division &amp; Regional General Manager for the Kinki &amp; Shikoku Region &amp; General Manager of Osaka Branch of the Company</p> <p>April 2009    Operating Officer &amp; Deputy Head of Sales &amp; Marketing Division &amp; Regional General Manager for the Kinki Region &amp; General Manager of Osaka Branch of the Company</p> <p>April 2010    Operating Officer &amp; Deputy Head of Sales &amp; Marketing Division of the Company</p> <p>April 2011    Operating Officer &amp; Regional General Manager for the Kinki Region &amp; General Manager of Osaka Branch of the Company</p> <p>April 2012    Executive Operating Officer, Head of Sales &amp; Marketing Division &amp; General Manager of Sales Strategy Department &amp; Senior General Manager of Head Office Sales Department of the Company</p> <p>April 2014    Executive Operating Officer, Head of Sales &amp; Marketing Division &amp; General Manager of Sales Strategy Department of the Company</p> <p>June 2014    Director &amp; Executive Operating Officer, Head of Sales &amp; Marketing Division &amp; General Manager of Sales Strategy Department of the Company</p> <p>April 2015    Director &amp; Senior Executive Operating Officer, Head of Sales &amp; Marketing Division &amp; General Manager of Sales Strategy Department of the Company</p> <p>February 2016    Director &amp; Senior Executive Operating Officer, Head of Sales &amp; Marketing Division &amp; Senior General Manager of Parlor Business Division &amp; General Manager of Sales Strategy Department of the Company</p> <p>April 2016    Director &amp; Senior Executive Operating Officer, Head of Sales &amp; Marketing Division &amp; Senior General Manager of Parlor Business Division of the Company</p> <p>April 2018    Director &amp; Senior Executive Vice President, Head of Sales &amp; Marketing Division &amp; Head of Product Management Division (to present)</p> <p>(Significant concurrent positions) Director of JB Co., Ltd.</p>	3,300

#### 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 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. Since April 2018, as Director & Senior Executive Vice President and Head of Sales & Marketing Division & Head of Product Management Division, he has also been supervising pachinko and pachislot product planning and R&D divisions.

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 three 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	New candidate Outside Director Independent Director  Hiroyuki Yamasaki (September 5, 1954)	<p>October 1982    Joined Chuo Audit Corporation</p> <p>September 1994    Partner, Chuo Audit Corporation</p> <p>August 2000    Representative Partner, ChuoAoyama Audit Corporation</p> <p>October 2005    Executive Officer, ChuoAoyama Audit Corporation</p> <p>May 2006    Acting Chief Executive Officer, ChuoAoyama Audit Corporation</p> <p>November 2007    Senior Partner, Shin Nihon &amp; Co. (current Ernst &amp; Young ShinNihon LLC)</p> <p>August 2008    Managing Director, Ernst &amp; Young ShinNihon LLC</p> <p>July 2013    Auditor, Japan Venture Capital Association</p> <p>July 2017    President, CPA Hiroyuki Yamasaki Office (to present)</p> <p>(Significant concurrent positions) Outside Director of LAND BUSINESS CO., LTD.</p>	-

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

Mr. Hiroyuki Yamasaki has a wealth of professional knowledge on finance and accounting cultivated through his career as a certified public accountant. He also has many years of experience in conducting accounting audits of companies at audit firms and is engaged in a variety of activities such as serving as an outside director of a listed company.

Although Mr. Yamasaki has never been directly involved in corporate management, the Company believes that, based on his professional knowledge and experience as a certified public accountant, he will 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. Yamasaki as a candidate for Outside Director.

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

Note:2. If Mr. Hiroyuki Yamasaki is elected as an Outside Director, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into a liability limitation agreement with him. The limit of his liability for damages in accordance with the said agreement will be the amount stipulated by laws and regulations.

Note:3. Mr. Hiroyuki Yamasaki is a candidate for Outside Director. If he is elected as an Outside Director, the Company intends to notify Tokyo Stock Exchange, Inc. of his designation as an Independent Director as defined in the Securities Listing Regulations of the Exchange.