

Stock code: 6425

June 14, 2017

To Our Shareholders:

Jun Fujimoto, Representative Director and President
Universal Entertainment Corporation
Ariake Frontier Building Tower A, 7-26,
Ariake 3-chome, Koto-ku, Tokyo

Notice of Convocation of the 44th Annual Shareholders Meeting

I would like to take this opportunity to thank you for your support of Universal Entertainment Corporation (“Universal Entertainment” or the “Company”). We will hold the 44th Annual Shareholders Meeting and request your attendance. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the “Reference Documents for the Annual Shareholders Meeting” that follows this notice, vote on the proposals in the enclosed Voting Rights Exercise Form, and return it by no later than Wednesday, June 28, 2017, 6:00 p.m.

Details

- 1. Date and time** Thursday, June 29, 2017 at 10 a.m. (The reception desk will open at 9:00 a.m.)
- 2. Place** Pegasus Grand Ballroom, 1st Floor, Hilton Tokyo Odaiba
1-9-1, Daiba, Minato-ku, Tokyo

3. Meeting Agenda

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of audits conducted by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements for the Company’s 44th Fiscal Year (April 1, 2016 - March 31, 2017)
 2. Non-consolidated Financial Statements for the Company’s 44th Fiscal Year (April 1, 2016 - March 31, 2017)

Proposals to be resolved:

- Proposal No. 1:** Partial Amendment to the Articles of Incorporation
- Proposal No. 2:** Election of Seven Directors
- Proposal No. 3:** Election of One Auditor
- Proposal No. 4:** Revision of Compensation for Directors

- * For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
- * If any amendment is made to the Reference Documents for the Annual Shareholders Meeting, the Business Report and the Consolidated and/or the Non-Consolidated Financial Statements, the amended information will be disclosed on the Company’s website (<http://www.universal-777.com/>).
- * Of the documents to be attached to this notice of convocation, matters to be presented as the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are disclosed on the Company’s website (<http://www.universal-777.com/>) pursuant to laws and regulations and the provisions in Article 16 of the Company’s Articles of Incorporation, and are therefore not included in the documents attached hereto. The Consolidated Financial Statements and the Non-consolidated Financial Statements, which have been audited by Auditors in preparing the Auditors’ Report and by Accounting Auditors in preparing the Accounting Auditors’ Report, include the above-mentioned matters to be presented as the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements in addition to the matters set forth in the documents attached hereto.

Reference Documents for the Annual Shareholders Meeting

Proposal No. 1: Partial Amendment to the Articles of Incorporation

1. Reasons for proposal

- (1) Currently, the business year of the Company is a period from April 1 of each year to March 31 of the following year. Now, in order to improve the global comparability of financial data and management transparency, the Company proposes to change the business year of the Company to a period from January 1 of each year to December 31 of the same year and accordingly, necessary amendment should be made to the provisions of Articles 13, 14, 41 and 42 of the current Articles of Incorporation. Further, with the change of the business year, the 45th business year will be a period of nine months, from April 1, 2017 through December 31, 2017 and accordingly, Supplementary Provision will be established as a transitional measure.
- (2) Based on the medium-term management vision, in order to clarify the management responsibility for the long-term project execution that runs over one year, the Company proposes to change the term of office of the directors from one year to two years, and accordingly, to change Article 21 of the current Articles of Incorporation.
- (3) With the amendment to Article 21 of the Articles of Incorporation, the Company will no longer satisfy the requirement prescribed in Article 459, Paragraph 1 of the Companies Act. Therefore, the Company proposes to delete Article 43 of the current Articles of Incorporation that sets out the Organ Determining Dividends from Surplus, etc. In addition, with this deletion, the article numbers will be moved up accordingly.
- (4) The provision of Article 22 of the current Articles of Incorporation that stipulates the Representative Director and Directors with Titles will be revised to be in consistent with the actual situation.

2. Effective date of amendment to the Articles of Incorporation

This amendment to the Articles of Incorporation will be effective upon closing of this Annual Shareholders Meeting.

3. Contents of amendment

Contents of proposed amendment are as follows.

(Proposed amendments are indicated by underline.)

Current Articles of Incorporation	Proposed amendments
Chapter 1 General Provisions	Chapter 1 General Provisions
Articles 1 to 5 (Omitted)	Articles 1 to 5 (Remain unchanged)
Chapter 2 Shares	Chapter 2 Shares
Articles 6 to 12 (Omitted)	Articles 6 to 12 (Remain unchanged)
Chapter 3 Shareholders Meetings (Convocation)	Chapter 3 Shareholders Meetings (Convocation)
Article 13 Annual Shareholders Meeting of the Company shall be called in <u>June</u> annually, and Extraordinary Shareholders Meeting may be called whenever necessary.	Article 13 Annual Shareholders Meeting of the Company shall be called in <u>March</u> annually, and Extraordinary Shareholders Meeting may be called whenever necessary.
(Record Date for Annual Shareholders Meeting)	(Record Date for Annual Shareholders Meeting)
Article 14 The Company shall prescribe the shareholders with voting rights who are stated or recorded in the latest shareholders registry as of <u>March 31</u> every year as the shareholders who may exercise their rights at the Annual Shareholders Meeting for the applicable business year.	Article 14 The Company shall prescribe the shareholders with voting rights who are stated or recorded in the latest shareholders registry as of <u>December 31</u> every year as the shareholders who may exercise their rights at the Annual Shareholders Meeting for the applicable business year.
Articles 15 to 18 (Omitted)	Articles 15 to 18 (Remain unchanged)
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
Articles 19 to 20 (Omitted)	Articles 19 to 20 (Remain unchanged)

Current Articles of Incorporation	Proposed amendments
(Directors' Term of Office)	(Directors' Term of Office)
Article 21 Directors' term of office shall continue until the conclusion of the Annual Shareholders Meeting for the last business year which ends within <u>1</u> year from the time of their election.	Article 21 Directors' term of office shall continue until the conclusion of the Annual Shareholders Meeting for the last business year which ends within <u>2</u> years from the time of their election.
(Representative Director and Directors with Titles)	(Representative Director and Directors with Titles)
Article 22 The Company shall elect a Representative Director in accordance with resolutions by the Board of Directors.	Article 22 The Company shall elect a Representative Director in accordance with resolutions by the Board of Directors.
2. The Company may elect <u>one Chairman of the Board of Directors and one Director and President respectively</u> in accordance with resolutions by the Board of Directors, and may elect a few Vice Chairmen of the Board of Directors, Director and Vice Presidents, Senior Managing Directors and Managing Directors <u>as necessary</u> .	2. The Company may elect <u>one Director and President</u> in accordance with resolutions by the Board of Directors, and may elect <u>one Chairman of the Board of Directors</u> , a few Vice Chairmen of the Board of Directors, Director and Vice Presidents, Senior Managing Directors and Managing Directors <u>as necessary</u> .
Articles 23 to 28 (Omitted)	Articles 23 to 28 (Remain unchanged)
Chapter 5 Auditors and Board of Auditors	Chapter 5 Auditors and Board of Auditors
Articles 29 to 37 (Omitted)	Articles 29 to 37 (Remain unchanged)
Chapter 6 Accounting Auditors	Chapter 6 Accounting Auditors
Articles 38 to 40 (Omitted)	Articles 38 to 40 (Remain unchanged)
Chapter 7 Accounting	Chapter 7 Accounting
(Business Year)	(Business Year)
Article 41 The business year of the Company shall be the 1-year period <u>from April 1 of each year to March 31 of the following year</u> .	Article 41 The business year of the Company shall be the 1-year period <u>from January 1 to December 31 of each year</u> .
(Record Date for Dividends from Surplus)	(Record Date for Dividends from Surplus)
Article 42 The Company may pay dividends from surplus to shareholders and/or registered share pledgees who are stated or recorded on the latest shareholder registry as of <u>March 31</u> every year.	Article 42 The Company may pay dividends from surplus to shareholders and/or registered share pledgees who are stated or recorded on the latest shareholder registry as of <u>December 31</u> every year.
2. The Company may pay dividends from surplus to shareholders and/or registered share pledgees who are stated or recorded on the latest shareholder registry as of <u>September 30</u> every year.	2. The Company may pay dividends from surplus to shareholders and/or registered share pledgees who are stated or recorded on the latest shareholder registry as of <u>June 30</u> every year.
3. (Omitted)	3. (Remain Unchanged)
(Organ Determining Dividends from Surplus, etc.)	(Deleted)
Article 43 Unless otherwise provided for in laws and regulations, the Company shall determine the matters provided for in each of the items of Paragraph 1 in Article 459 of the Companies Act that concern dividends from surplus, etc. not through resolutions of the Shareholders Meeting but through those of the Board of Directors.	
Article 44 (Omitted)	Article 43 (Same as Article 44 of the current Articles of Incorporation)
(Newly established)	<u>(Supplementary Provision)</u>
	<u>Notwithstanding the provision of Article 41 (Business Year), the 45th business year shall be from April 1, 2017 to December 31, 2017. This Supplementary Provision shall be deleted after the expiration of the 45th business year.</u>

Proposal No. 2: Election of Seven Directors

The terms of office of all seven Directors will expire at the conclusion of this Annual Shareholders Meeting.

Accordingly, the election of seven Directors is proposed.

The candidates for Director are as follows:

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
1	Jun Fujimoto (Mar. 29, 1958)	Oct. 1985 Established Seta Corp. as Representative Director and President Jun. 2001 Managing Director of the Company Jun. 2004 Director, Vice President and Senior General Manager of R&D Division of the Company Jun. 2006 Representative Director, President and General Manager of R&D Division of the Company Jun. 2009 Representative Executive Officer of the Company Jun. 2010 Representative Director and Vice Chairman of the Company Jun. 2011 Representative Director and President of the Company (current) Significant concurrent positions Director, Nihon Shogi Network Co., Ltd.	458,000
2	Hajime Tokuda (Aug. 3, 1958)	Apr. 1981 Joined The Sumitomo Bank, Limited Jan. 2007 Executive Officer and General Manager of Management Planning Office of the Company Jun. 2007 Director of the Company Jun. 2008 Representative Executive Officer and President of the Company Jun. 2010 Director and President of the Company Jun. 2011 Senior Advisor of the Company Jun. 2012 Director of the Company Jan. 2014 Representative Director and President of Ariake Densan Center Co., Ltd. Jun. 2014 Director of the Company Dec. 2014 Director of Ariake Densan Center Co., Ltd. (current) May 2017 Director, Deputy General Manager of Administrative Division of the Company (current) Significant concurrent positions Director, Ariake Densan Center Co., Ltd.	90,000
3	Takako Okada (Sep. 11, 1973)	May 2000 Representative Director of Spring Coat Co., Ltd. (currently Okada Holdings GK) Jun. 2015 Director of the Company (current)	-

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
4	Kenshi Asano (Aug. 18, 1963)	<p>Oct. 1990 Registered as an accounting assistant</p> <p>Oct. 1990 Joined Aoyama Audit Corporation/ Pricewaterhouse (currently PricewaterhouseCoopers Aarata LLC)</p> <p>Mar. 1997 Registered as a certified public accountant</p> <p>Jun. 2004 Executive Officer and CFO of cyber communications inc.</p> <p>Aug. 2007 CFO, Executive Officer and General Manager of Administration Division of SGI Japan, Ltd.</p> <p>Mar. 2009 Director and CFO of Gaba Co., Ltd.</p> <p>Jul. 2010 Executive Officer and General Manager of Administrative Division of the Company</p> <p>Jun. 2011 Director and General Manager of Administrative Division of the Company</p> <p>Jul. 2015 Asano Certified Public Accountant Office (current)</p>	-
5	Seisui Kamigaki (Jul. 1, 1945)	<p>Apr. 1973 Public Prosecutor of the Tokyo District Public Prosecutor's Office</p> <p>Oct. 2000 Chief Public Prosecutor of the Naha District Public Prosecutor's Office</p> <p>Sep. 2003 Director, General Affairs Department of Supreme Public Prosecutors Office</p> <p>Dec. 2004 Chief Public Prosecutor of the Chiba District Public Prosecutor's Office</p> <p>Aug. 2005 Chief Public Prosecutor of the Yokohama District Public Prosecutor's Office</p> <p>Jul. 2007 Commissioner of the Japan Fair Trade Commission</p> <p>Jul. 2012 Attorney of Hibiya Sogo Law Offices (current)</p> <p>Jun. 2013 Outside Auditor of Mitsubishi Shokuhin Co., Ltd. (current)</p> <p>Jun. 2013 Outside Auditor of Alfresa Holdings Corporation (current)</p> <p>Jun. 2014 Commissioner of The Bellmark Foundation (current)</p> <p>Apr. 2015 Visiting Professor of the Faculty of Law, Setsunan University (current)</p> <p>May 2015 Outside Director and Member of the Audit & Supervisory Committees of Yondoshi Holdings Inc. (current)</p> <p>Jun. 2015 Outside Director of the Company (current)</p> <p>Significant concurrent positions Attorney, Hibiya Sogo Law Offices</p>	-

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Yoshio Otani (Jul. 7, 1945)	<p>Apr. 1973 Clerk of the Osaka District Court</p> <p>Jul. 1977 Clerk of the Hiroshima District Court</p> <p>Aug. 1980 Personnel Affairs Bureau, General Secretariat of the Supreme Court of Japan</p> <p>Aug. 1982 Clerk of the Tokyo District Court</p> <p>Apr. 1983 Head of Ishigaki and Taira Branches of the Naha District and Family Court</p> <p>Apr. 1984 Judge of the Tokyo District Court</p> <p>Jan. 1985 Civil Affairs Bureau of the Ministry of Justice of Japan</p> <p>Oct. 1986 Director of the Civil Affairs Bureau, Ministry of Justice of Japan</p> <p>Apr. 1992 Judge of the Tokyo High Court</p> <p>Apr. 1994 Presiding Judge of the Nagoya District Court</p> <p>Apr. 1998 Presiding Judge of the Tokyo District Court</p> <p>Dec. 1998 Deputy Director-General of the Financial Reconstruction Commission</p> <p>Jan. 2001 Presiding Judge of the Tokyo District Court (Civil Division Number 8)</p> <p>Mar. 2005 Chief Judge of the Otsu District and Family Court</p> <p>Dec. 2006 Presiding Judge of the Tokyo High Court (Civil Division Number 7)</p> <p>Oct. 2010 Registered as an attorney</p> <p>Oct. 2010 Attorney at Momo-o, Matsuo & Namba (current)</p> <p>Apr. 2011 Professor of Law at Surugadai University Law School</p> <p>Sep. 2011 Chairman of the General Management Committee of The Nuclear Damage Claim Dispute Resolution Center</p> <p>Apr. 2012 Dean of Surugadai University Law School</p> <p>Jun. 2015 Outside Director of the Company (current)</p> <p>Jan. 2016 Advisor of The Nuclear Damage Claim Dispute Resolution Center (current)</p> <p>Significant concurrent positions Attorney, Momo-o, Matsuo & Namba</p>	-
7	Masayoshi Miyanaga (Jun. 3, 1958)	<p>Apr. 1981 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>Feb. 1990 Seconded to Nippon Credit Bank Investment Advisors Co., Ltd.</p> <p>Oct. 1991 Seconded to Nippon Credit Gartmore Ltd. (UK)</p> <p>Apr. 1995 Manager of Asset Management Division, Schrodgers Investment Management Japan Limited (currently Schroder Investment Management (Japan) Limited)</p> <p>Apr. 2000 Director of Schrodgers Investment Management Japan Limited</p> <p>Jan. 2001 CIO in charge of Stock Investment of Prudential Asset Management Japan Co., Ltd. (currently Prudential Investment Management Japan Co., Ltd.)</p> <p>Nov. 2003 Co-representative Partner of IRB, Inc. (currently FALCON Research & Consulting Ltd.)</p> <p>Nov. 2011 Representative Director of IRB, Inc. (currently FALCON Research & Consulting Ltd.)</p> <p>Apr. 2017 Professor of Graduate School of Innovation Studies, Tokyo University of Science (current)</p>	-

Notes: 1. No material conflict of interest exists between the Company and any of the above candidates for Directors.
2. Mr. Seisui Kamigaki, Mr. Yoshio Otani and Mr. Masayoshi Miyanaga are candidates for Outside Directors.

3. Matters related to candidates for Outside Director are as follows.

- (1) The Company proposes the election of Mr. Seisui Kamigaki as Outside Director since he has a wealth of experience and professional knowledge as an attorney to further strengthen management oversight function of the Company. Although he has never been directly involved in corporate management, the Company has made the decision that he is capable of appropriately carrying out his duties as Outside Director according to the above-mentioned reasons.
- (2) The Company proposes the election of Mr. Yoshio Otani as Outside Director since he has a wealth of experience and professional knowledge in the field of justice to further strengthen management oversight function of the Company. Although he has never been directly involved in corporate management, the Company has made the decision that he is capable of appropriately carrying out his duties as Outside Director according to the above-mentioned reasons.
- (3) The Company proposes the election of Mr. Masayoshi Miyanaga as Outside Director since he has a wealth of experience and extensive knowledge as a management consultant and manager to further strengthen management oversight function of the Company. The Company has made the decision that he is capable of appropriately carrying out his duties as Outside Director according to the above-mentioned reasons.
- (4) Mr. Seisui Kamigaki and Mr. Yoshio Otani have been in office as Outside Directors of the Company since June 2015 and, accordingly, their terms of office will be two years at the conclusion of this Annual Shareholders Meeting.
- (5) The Company has entered into a liability limitation agreement with Mr. Seisui Kamigaki and Mr. Yoshio Otani. The maximum amount of the liability based on this agreement shall be the higher amount of either 1 million yen or the minimum liability amount provided in Article 425, Paragraph 1 of the Companies Act. However, such limitation of liabilities is applicable only when the Directors conduct, in good faith and without gross negligence, their duties that have caused the liabilities. If the reappointment of Mr. Seisui Kamigaki and Mr. Yoshio Otani is approved, the Company will continue a liability limitation agreement with them. If the appointment of Mr. Masayoshi Miyanaga is approved, the Company will enter into a liability limitation agreement with the same content stated above with him.
- (6) The Company has registered Mr. Seisui Kamigaki and Mr. Yoshio Otani as Independent Directors as provided for the rules of the Tokyo Stock Exchange. If they are reappointed, they will continue to be in office as Independent Directors.
- (7) There is no applicable information regarding any occurrence of improper business execution or measures taken to prevent such occurrence or upon the occurrence by the above candidates over the past five years during their terms of office as an officer in other entities.

Proposal No. 3: Election of One Auditor

Auditor Mr. Toji Takeuchi resigned on February 10, 2017, resulting in the number of Auditors falling short of the legally required number of auditors for a company with a board of company auditors. After submitting an appeal to Tokyo District Court for the appointment of Provisional Auditor, the court issued a notification dated February 20, 2017 confirming that Mr. Akiyoshi Kaneko has been appointed as a Provisional Auditor. Therefore, the Company proposes the election of Mr. Akiyoshi Kaneko as an Auditor of the Company in due form.

This proposal has received the consent of the Board of Auditors.

The candidate for Auditor is as follows:

Name (Date of birth)	Brief career history, positions and significant concurrent positions	Number of the Company shares held
Akiyoshi Kaneko (Jun. 23, 1969)	Apr. 1993 Registered as an accountant assistant	
	Apr. 1993 Joined Chuo Coopers & Lybrand Consulting (currently IBM Japan, Ltd.)	
	Apr. 1997 Registered as a certified public accountant	
	Feb. 2003 Joined Tokyo Hokuto & Co. (currently Gyosei & Co.)	
	Jul. 2013 Representative Director of Gyosei Management Consulting Co., Ltd. (current)	
	Nov. 2013 President of the newly opened Kaneko Certified Public Accountant Office (current)	
	Jul. 2015 Outside Auditor of Institute of Accelerator Analysis, Ltd. (current)	
	Jul. 2016 Director of MCS Business Development of Gyosei & Co. (current)	
	Feb. 2017 Outside Auditor of the Company (current)	
	Significant concurrent positions President, Kaneko Certified Public Accountant Office	

Notes: 1. No material conflict of interest exists between the Company and the above candidate for Auditor.

2. Mr. Akiyoshi Kaneko is a candidate for Outside Auditor.

3. Matters related to the candidate for Outside Auditor are as follows.

- (1) The Company proposes the election of Mr. Akiyoshi Kaneko as Outside Auditor since he has a wealth of experience as a certified public accountant to further strengthen management oversight function of the Company. Although he has never been directly involved in corporate management, the Company has made the decision that he is capable of appropriately carrying out his duties as Outside Auditor according to the above-mentioned reasons.
- (2) The term of office of Mr. Akiyoshi Kaneko as a Provisional Auditor (Temporary Deputy Auditor) of the Company will be four months at the conclusion of this Annual Shareholders Meeting.
- (3) The Company shall be able to enter into a liability limitation agreement with its Auditors to secure skillful personnel as Auditors. If the appointment of Mr. Akiyoshi Kaneko is approved, the Company will enter into a liability limitation agreement with him. The maximum amount of the liability based on this agreement shall be the higher amount of either 1 million yen or the minimum liability amount provided in Article 425, Paragraph 1 of the Companies Act. However, such limitation of liabilities is applicable only when the Directors conduct, in good faith and without gross negligence, their duties that have caused the liabilities.
- (4) The Company plans to register Mr. Akiyoshi Kaneko as an Independent Director as provided for the rules of the Tokyo Stock Exchange.
- (5) There is no applicable information regarding any occurrence of improper business execution or measures taken to prevent such occurrence or upon the occurrence by the above candidate over the past five years during his term of office as an officer in other entities.

Proposal No. 4: Revision of Compensation for Directors

The amount of remuneration for Directors of the Company was approved by its shareholders as no more than 1.0 billion JPY per annum (However, this amount does not include the employee salary portion for Directors who concurrently serve as Company employees.) at the Extraordinary Shareholders Meeting held on March 26, 1998.

In order to take into account various circumstances that include the recent expansion of the business scale of the Company through the development of its Casino Resort Business and the accompanying increase in the responsibility of its Directors, as well as further boost the incentive of Directors to improve business performance, the Company proposes to revise the amount of remuneration for its Directors to no more than 2.0 billion JPY per annum (Out of which the amount of remuneration for Outside Directors will be no more than 200 million JPY per annum.)

These amounts do not include the employee salary portion for Directors who concurrently serve as Company employees.

There are currently seven Directors (including two Outside Directors). Please note that should the accompanying Proposal No. 2: Election of Seven Directors be approved and adopted in accordance with the original proposal, the number of Directors subject to this revision of the amount of remuneration shall be changed to seven (including three Outside Directors).