

Stock code: 6425

March 8, 2019

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 46th Annual Shareholders Meeting

We 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 46th 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 Friday, March 22, 2019, 6:00 p.m.

Details

1. Date and Time Monday, March 25, 2019 at 10:00 a.m. (The reception desk will open at 9:00 a.m.)

2. Place Palais Royal, 1st basement level, Grand Nikko Tokyo Daiba
2-6-1, 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 46th Fiscal Year (January 1, 2018 - December 31, 2018)
 2. Non-consolidated Financial Statements for the Company’s 46th Fiscal Year (January 1, 2018 - December 31, 2018)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Partial Changes to the Articles of Incorporation
Proposal No. 3: Election of Seven Directors
Proposal No. 4: Election of One Auditor

- * 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 (<https://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 (<https://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: Appropriation of Surplus

The Company views the return of profits to its shareholders as one of its foremost management priorities. Its first basic policy to that end is to endeavor to establish a highly-profitable corporate constitution and continuously improve its return on equity (ROE) while simultaneously maintaining a stable level of dividends that reflects the Company's business performance.

The Company's second basic policy with respect to dividends is to maintain internal reserves at appropriate levels in order to ensure a sound financial constitution and strengthen the Company's management foundation as well as to flexibly invest necessary funds in promising business.

With regards to year-end dividends for the current fiscal year, while taking its consolidated business results for the current fiscal year and the above policies into consideration, the Company proposes to distribute dividends of 50 yen per share as described below.

1. Type of dividend property

Cash

2. Matters concerning allotment of dividend property and total amount to be distributed

50 yen per share of the Company's common stock

(Total dividends will be 3,950,414,200 yen.)

3. Effective date of the dividends from surplus

March 26, 2019

Proposal No. 2: Partial Changes to the Articles of Incorporation

1. Reasons for proposal

- (1) To establish new provisions on adjusting the terms of office for Directors (Article 21-2) in order to keep disparities in the end of those terms of office from arising.
- (2) To change existing Article 42 and add new provisions on interim dividends (Article 43) in order to enable the Company to distribute dividends from surplus (interim dividends) through resolutions of the Board of Directors pursuant to the provisions of Article 454-5 of the Companies Act to facilitate the flexible and appropriate return of profits to shareholders in accordance with the future operating conditions of the Company and other factors.
- (3) To make other necessary changes for the purpose of standardizing the appearance of certain parts of the Articles of Incorporation.

2. Effective date of changes to the Articles of Incorporation

These changes to the Articles of Incorporation will be effective at the conclusion of this Annual Shareholders Meeting.

3. Description of changes

Contents of proposed changes are as follows.

(Parts to be changed have been underlined.)

Existing Articles	Proposed Changes
<p>Articles 1-20 (Text omitted)</p> <p>(Directors' Term of Office)</p> <p>Article 21</p> <p>Directors' term of office shall continue until the conclusion of the Annual Shareholders Meeting for the last business year which ends within 2 years from the time of their election.</p> <p style="text-align: center;">(Newly Established)</p>	<p>Articles 1-20 (No change)</p> <p>(Directors' Term of Office)</p> <p>Article 21</p> <p>Directors' term of office shall continue until the conclusion of the Annual Shareholders Meeting for the last business year which ends within 2 years from the time of their election.</p> <p><u>2. The term of office for Directors elected as a substitute for a Director who resigned prior to the expiration of his/her term of office or Directors elected due to an increase the number of Directors shall be the same as the remainder of the term of office for the predecessor Director or other existing Directors.</u></p>
<p>Article 22 (Text omitted)</p> <p>(Convener and Chairman of the Board of Directors)</p> <p>Article 23</p> <p>The Director and President shall convene the Board of the Directors meeting and preside as the Chairman, unless otherwise provided for in laws and regulations.</p> <p>2. In the case of accident to the Director and President, other Director shall convene the Board of Directors and preside as the Chairman according to the order determined <u>by the Board of Directors in advance.</u></p>	<p>Article 22 (No change)</p> <p>(Convener and Chairman of the Board of Directors)</p> <p>Article 23</p> <p>The Director and President shall convene the Board of the Directors meeting and preside as the Chairman, unless otherwise provided for in laws and regulations.</p> <p>2. In the case of accident to the Director and President, other Director shall convene the Board of Directors and preside as the Chairman according to the order determined <u>in advance by the Board of Directors.</u></p>
<p>Articles 24-41 (Text omitted)</p> <p>(Record Date for Dividends from Surplus)</p> <p>Article 42</p> <p>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 December 31 every year.</p>	<p>Articles 24-41 (No change)</p> <p>(Year-End Dividends)</p> <p>Article 42</p> <p>The Company, <u>through resolutions of the Shareholders Meeting,</u> may pay dividends from surplus to shareholders and/or registered share pledgees who are stated or recorded on the latest shareholder registry as of December 31 every year.</p>

Existing Articles	Proposed Changes
<p><u>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 June 30 every year.</u></p> <p><u>3. The Company may pay dividends from surplus by specifying the record date in addition to the cases stated in the preceding 2 paragraphs.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p>(Deleted)</p> <p><u>(Interim Dividends)</u> <u>Article 43</u> <u>The Company, through resolutions of the Board of Directors, may pay dividends from surplus stipulated in Article 454-5 of the Companies Act (interim dividends) to shareholders and/or registered share pledgees who are stated or recorded on the latest shareholder registry as of June 30 every year.</u></p>
<p>Article <u>43</u> (Text omitted)</p>	<p>Article <u>44</u> (No change)</p>

Proposal No. 3: 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)	<p>Oct. 1985 Established Seta Corp. as Representative Director and President</p> <p>Jun. 2001 Managing Director of the Company</p> <p>Jun. 2004 Director, Vice President and General Manager of R&D Division of the Company</p> <p>Jun. 2006 Representative Director, President and General Manager of R&D Division of the Company</p> <p>Jun. 2009 Representative Executive Officer of the Company</p> <p>Jun. 2010 Representative Director and Vice Chairman of the Company</p> <p>Jun. 2011 Representative Director and President of the Company</p> <p>Jun. 2017 Representative Director and President, CEO and CIO of the Company (current)</p> <p>Positions and responsibilities at the Company Domestic Business, CEO and CIO</p> <p>Significant concurrent positions Director, Nihon Shogi Network Co., Ltd.</p>	658,000
2	Hajime Tokuda (Aug. 3, 1958)	<p>Apr. 1981 Joined The Sumitomo Bank, Limited</p> <p>Jan. 2007 Executive Officer and General Manager of Management Planning Office of the Company</p> <p>Jun. 2007 Director of the Company</p> <p>Jun. 2008 Representative Executive Officer and President of the Company</p> <p>Jun. 2010 Director and President of the Company</p> <p>Jun. 2011 Senior Advisor of the Company</p> <p>Jun. 2012 Director of the Company</p> <p>Jan. 2014 Representative Director and President of Ariake Densan Center Co., Ltd.</p> <p>Jun. 2014 Director of the Company</p> <p>Dec. 2014 Director of Ariake Densan Center Co., Ltd. (current)</p> <p>May 2017 Director, Deputy General Manager of Administrative Division of the Company</p> <p>Jun. 2017 Director and COO of the Company (current)</p> <p>May 2018 Director of TIGER RESORT,LEISURE AND ENTERTAINMENT,INC. (current)</p> <p>Positions and responsibilities at the Company Corporate Planning, Foreign Business, COO</p> <p>Significant concurrent positions Director, Ariake Densan Center Co., Ltd. Director, TIGER RESORT,LEISURE AND ENTERTAINMENT,INC.</p>	137,000

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
3	Takako Okada (Sep. 11, 1973)	<p>May 2000 Representative Director of Spring Coat Co., Ltd. (currently Okada Holdings GK)</p> <p>Jun. 2015 Director of the Company (current)</p> <p>Jun. 2017 Director of Tiger Resort Asia Limited (current)</p> <p>May 2018 Director of TIGER RESORT,LEISURE AND ENTERTAINMENT,INC. (current)</p> <p>Positions and responsibilities at the Company</p> <p>Okada Museum, Foreign Business(Advisor)</p> <p>Significant concurrent positions</p> <p>Director, TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.</p> <p>Director, Tiger Resort Asia Limited</p>	-
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</p> <p>Jun. 2017 Director and CFO of the Company (current)</p> <p>Jun. 2017 Director of Tiger Resort Asia Limited (current)</p> <p>Sep. 2017 Director of Brontia Limited (current)</p> <p>Oct. 2017 Company Auditor of MIZUHO Co.,Ltd.</p> <p>Oct. 2017 Director of KO Dining Group Limited (current)</p> <p>Jun. 2018 Director of Pananio Limited (current)</p> <p>Sep. 2018 Director of TIGER RESORT,LEISURE AND ENTERTAINMENT,INC. (current)</p> <p>Positions and responsibilities at the Company</p> <p>Administrative Dept. CFO</p> <p>Significant concurrent positions</p> <p>Director, TIGER RESORT, LEISURE AND ENTERTAINMENT, INC.</p> <p>Director, Tiger Resort Asia Limited</p> <p>Director, KO Dining Group Limited</p> <p>Director, Brontia Limited</p> <p>Director, Pananio Limited</p>	50,000

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
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 Corporate Auditor 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 the Company shares 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>	-

No.	Name (Date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of the Company shares held
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, Schroders Investment Management Japan Limited (currently Schroder Investment Management (Japan) Limited)</p> <p>Apr. 2000 Director of Schroders Investment Management (Japan) Limited</p> <p>Jan. 2001 CIO in charge of Stock Investment of Prudential Asset Management Japan Co., Ltd. (currently PGIM 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 (currently Graduate School of Management), Tokyo University of Science (current)</p> <p>Jun. 2017 Outside Director of the Company (current)</p> <p>Significant concurrent positions</p> <p>Professor, Graduate School of Management, Tokyo University of Science</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 three years and nine months at the conclusion of this Annual Shareholders Meeting. Mr. Masayoshi Miyanaga has been in office as Outside Director of the Company since June 2017 and, accordingly, his term of office will be one year and nine months at the conclusion of this Annual Shareholders Meeting.
- (5) The Company has entered into a liability limitation agreement with Mr. Seisui Kamigaki, Mr. Yoshio Otani and Mr. Masayoshi Miyanaga. 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, Mr. Yoshio Otani and Mr. Masayoshi Miyanaga is approved, the Company will continue a liability limitation agreement with them.
- (6) The Company has registered Mr. Seisui Kamigaki, Mr. Yoshio Otani and Mr. Masayoshi Miyanaga 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) A report by the Special Investigation Committee dated August 29, 2017 included the following activities that were conducted under the oversight of former Directors of the Company between 2013 and 2015: (1) A subsidiary of the Company extended a loan of about 2 billion yen to a third party; (2) This subsidiary issued a check in the amount of 16 million Hong Kong dollars; and (3) This subsidiary submitted collateral improperly. Mr. Nobuyoshi Ichikura, who is a full-time Auditor, submitted a report containing allegations that former directors were behaving improperly, pursuant to Article 382 of the Companies Act with the approval of the Board of Auditors. This led to the establishment of a Special Investigation Committee and, based on the results of this committee's investigations, the discovery of extensive information concerning this incident. Mr. Seisui Kamigaki, Mr. Yoshio Otani and Mr. Masayoshi Miyanaga were not aware of this incident until the results of the Special Investigation Committee's investigation were reported. At meetings of the Board of Directors, these three Directors have been regularly making recommendations from the standpoint of strengthening internal controls and asking directors to become more aware of this matter. After obtaining the facts concerning this incident, these three Directors have been fulfilling their duties by forcefully stating their recommendations and opinions concerning preventive measures and further strengthening internal control functions and by performing other tasks.
- (8) 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. 4: Election of One Auditor

Shareholders are asked to increase the number of Auditors by one in order to further strengthen the corporate governance structure.

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

The candidates for Auditor are as follows:

Name (Date of birth)	Brief career history, positions and significant concurrent positions	Number of the Company shares held
Chihiro Shibahara (May 8, 1974)	Oct. 1998 Joined Recruit Plasis Co., Ltd. Mar. 2004 Joined ITC Network, Ltd. Feb. 2005 Joined Thinca co., Ltd. Oct. 2007 Joined CCC Casting Co., Ltd. (currently Culture Convenience Club Co., Ltd.) Oct. 2013 Joined ABeam Consulting Ltd. Oct. 2016 Joined the Company, Section Chief of Internal Audit Office Mar. 2017 Deputy General Manager of Internal Audit Office Jul. 2017 General Manager of Internal Audit Office (current) Significant concurrent positions There are no significant concurrent positions.	-

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

2. If the appointment of Ms. Chihiro Shibahara is approved, the Company intends to enter into a liability limitation agreement with Ms. Chihiro Shibahara. 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 Auditor conduct, in good faith and without gross negligence, their duties that have caused the liabilities.