



December 26, 2017

Company Name: Universal Entertainment Corporation
Representative: Jun Fujimoto
Representative Director and President
(JASDAQ Code: 6425)
Contact: PR & IR Office
TEL: +81-3-5530-3055 (switchboard)

Current status of measures to prevent reoccurrence proposed by
Special Investigation Committee

We refer to our press release entitled “Notice on Results of Investigation by Special Investigation Committee and Future Actions” dated August 30, 2017. On that occasion, we reported the committee’s investigation results and proposal for the measures to prevent reoccurrence of the acts in question, with hope for disclosing concrete measures as soon as a decision is made by us based on the proposal.

The committee’s proposal required us to take actions to accomplish the following three points:

1. To establish a unified structure incorporating a key person, that is, the president of Universal Entertainment Corporation
2. To improve corporate governance system for oversea group companies
3. To promote information sharing

Now that we have solidified the outline of our preventive measures, we are pleased to report a summary of them and the current status of implementation as well as future actions to be taken by us, in view of the above three points:

1. To establish unified structure incorporating our President as a key person
 - Review of the Company’s organization and reinforcement of the Board of Directors (June 29, 2017)
 - We have established Corporate Planning Dept., Foreign Business Administrative Dept. and Legal Affairs Dept. In addition, we reinforced internal auditing function. The Corporate Planning Dept. is responsible for managing the entire group including overseas subsidiaries in terms of organizational changes, preparing various internal regulations and related

matters. Moreover, Foreign Business Administrative Dept. was established for supervising oversea group companies and Legal Affairs Dept. for enhancing internal compliance. Furthermore, the Internal Auditing Dept. was strengthened by appointing an experienced person in a supervisory position and by increasing the number of staff.

- We appointed executive officers each as the head of Corporate Planning Dept., Foreign Business Administrative Dept. and Legal Affairs Dept., defining their responsibility and intensifying interaction with the Management.
- We added one outside director to beef up the oversight function of the Board. As a result, the Board is now composed of seven directors, including as many as three outside directors.

➤ Revisions of internal regulations

- We revised and improved internal regulations concerning the Board of Directors, management of subsidiaries, segregation of duties, and organizational structure with administrative authority

2. To improve corporate governance system for oversea group companies

➤ Enhancement of management system

We shook up the Board of Directors of Tiger Resort, Leisure and Entertainment, Inc. (hereinafter, "TRLEI") by changing the president and by appointing an influential local lawyer and CPA respectively as the Chairman of the Board and Chief of Auditing Committee. Besides, we established Corporate Planning Dept. in TRLEI and we sent to the company one of our directors to serve as the top management in order to intensify interaction with us.

3. To promote information sharing

- All directors, head of Corporate Planning Dept. and secretariat office of the Board are now given access at any time to the records and materials (including voice and picture) of the Board through tablet terminal. Additionally, we have also created a similar system environment in which all participants can share information at the General Manager Meeting, which is composed of the Heads of Departments
- We have elected two executive officers and an employee from our companies to serve as directors of TRLEI in order to enhance information sharing between the Company and overseas subsidiaries. (June 29,2017)

Furthermore, we are planning to add measures to prevent reoccurrence including the following in the future. We plan to complete each of these by the first half of next year.

- We granted responsibility to our Foreign Business Administrative Dept. for expediting introduction and operation of IT in our oversea business as well as for information control. By doing so, we were able to start operating the electronic collective decision-making “*ringi*” system in TRLEI on December 1, 2017, a system so far used only domestically. The introduction of this system, which boasts high safety and transparency, into overseas businesses was delayed due to the governance of the business led by the Former Chairman.
- We will link payment system and signing/sealing system with the electronic collective decision-making system, thereby enabling keeping electronic records, tracing the flow of decision-making and funds through structural monitoring. Additionally, we will try to adopt electronic recording of important meetings such as ones of the Board.
- In TRLEI, we will define a responsible person with a role to be played for each department, overly review the internal regulations of decision-making authority in order to take necessary steps, including installing multiple approvers for payments and execution of contracts, depending on the amount of money involved.
- In addition, we are working to improve the efficiency of management functions by promoting the consolidation of subsidiaries and affiliated companies, mainly in overseas businesses.

Finally, we seriously take the results of the investigation and proposed measures to prevent reoccurrence both made by the Special Investigation Committee. Consequently, we will try to further enhance our internal control by taking necessary steps going forward.