

August 5, 2016

FOR IMMEDIATE RELEASE

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Stock Code: 9766, TSE First Section
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Notice of Business Restructuring of Group Companies and Debt Forgiveness for Consolidated Subsidiaries

KONAMI HOLDINGS CORPORATION (the “Company”) resolved at its board of directors meeting held today that it will implement a business restructuring of group companies (company split in which consolidated subsidiaries are involved) with a planned effective date of November 1, 2016, and that prior to this restructuring, effective today, it will change the trade name and representative director of a relevant consolidated subsidiary and forgive the debts of the consolidated subsidiary. The Company thus announces as follows:

Changes in trade name and representative director of consolidated subsidiary

1. Change in trade name of relevant consolidated subsidiary

Current trade name: TAKASAGO ELECTRIC INDUSTRY CO., LTD.
New trade name: Konami Amusement Co., Ltd.

2. Change in representative director of relevant consolidated subsidiary

Current representative Yuji Yoshizaki, Representative Director, President
New representative: Katsunori Okita, Representative Director, President

New structure of relevant consolidated subsidiary

Katsunori Okita, Representative Director, President
Yuji Yoshizaki, Director, Executive Vice President
Hiroyuki Kozuki, Director

3. Reasons for changes in trade name and representative director

The trade name and representative director of the relevant consolidated subsidiary will be changed prior to the change in its lines of business due to the business restructuring of group companies (planned effective date of November 1, 2016).

4. Date of change in trade name and representative director

Resolution at a meeting of the Board of Directors of the Company: August 5, 2016 (Today)
Resolution at a general meeting of shareholders of TAKASAGO ELECTRIC INDUSTRY CO., LTD.: August 5, 2016 (Today)

Business restructuring of group companies

1. Purpose of business restructuring

In the Konami Group's businesses — Digital Entertainment, Health & Fitness, Gaming & Systems, and Pachislot & Pachinko Machines —, we have conducted business operations based on the management strategy of evolving into a flexible and sustainable entity responding appropriately to this rapidly changing market environment which includes diversifying consumer tastes and the revision and abolition of the various regulations surrounding the businesses.

To further strengthen our business operating structure, we are carrying out a business restructuring to combine the arcade games business segment, which forms part of our Digital Entertainment Business, with another BtoB business, the Pachislot & Pachinko Machines Business, to change the business domains and name of the latter to the "Amusement Business." We are pursuing the utilization of our business knowhow in the arcade game business cultivated since the Konami Group's foundation, provision of higher value-added products and services through the KONAMI brand and streamlining through business integration.

This business restructuring was also planned to implement in anticipation of handling the research and development of gaming machines for the Asian market.

As a result of this business restructuring, the Digital Entertainment Business will specialize in the BtoC business fields of mobile games, card games, and computer and video games, and while making possible the further reinforcement of the Company's competitiveness, facilitate the sustainable growth and increased corporate value of the Group as a whole.

2. Summary of business restructuring

(1) Business restructuring schedule

Resolution at a meeting of the Board of Directors of the Company: August 5, 2016 (Today)

Planned date of general meeting of shareholders of the companies involved: September 16, 2016

Scheduled effective date: November 1, 2016

(2) Format of business restructuring

The restructuring is an absorption-type company split in which Konami Digital Entertainment Co., Ltd. is the splitting company and Konami Amusement Co., Ltd. is the succeeding company in the company split.

(3) Consideration for business restructuring

As both the splitting company and the succeeding company in the company split are under the common control of the same wholly-owning parent company, the succeeding company in the company split will deliver no consideration whatsoever.

(4) Rights and obligations succeeded by the succeeding company

Konami Amusement Co., Ltd. takes over the assets and liabilities related to the succeeded business and all the rights and obligations incidental thereto.

3. Overview of companies involved in business restructuring

Splitting Company	
(1) Trade name	Konami Digital Entertainment Co., Ltd.
(2) Location of head office	7-2, Akasaka 9-chome, Minato-ku, Tokyo
(3) Representative	Hideki Hayakawa, Representative Director, President
(4) Business	<ul style="list-style-type: none"> • Planning, production, manufacture and sale of mobile games, computer & video games, card games, music, videos/DVDs, goods, etc. • Planning, production, manufacture, sale and rental of arcade game machines
(5) Capital stock	0.1 billion yen
Succeeding Company in Company Split	
(1) Trade name	Konami Amusement Co., Ltd.
(2) Location of head office	1, Ikejiri, Takata, Ichinomiya, Aichi
(3) Representative	Katsunori Okita, Representative Director, President
(4) Business	Production, manufacture and sale of pachislot machines and pachinko machines for pachinko parlors
(5) Capital stock	0.1 billion yen

4. Overview of business segment being restructured

(1) Business segment subject to divestiture

Business related to the planning, production, manufacture, sale and rental of arcade game machines

(2) Performance of business segment subject to divestiture (fiscal year ending March 31, 2016, consolidated basis)

Total revenue: 17.7 billion yen

(3) Amounts of assets and liabilities subject to divestiture (As of June 30, 2016)

(Billions of yen)

Item	Carrying amount	Item	Carrying amount
Assets	9.8	Liabilities	3.0

(Note) The amounts of assets and liabilities subject to divestiture above are estimates based on conditions as of June 30, 2016. The actual amounts of assets and liabilities subject to divestiture may change from the above amounts.

Debt forgiveness of consolidated subsidiary

1. Overview of relevant consolidated subsidiary

(1) Trade name	Konami Amusement Co., Ltd.
(2) Location	1, Ikejiri, Takata, Ichinomiya, Aichi
(3) Representative	Katsunori Okita, Representative Director, President
(4) Business	Production, manufacture and sale of pachislot machines and pachinko machines for pachinko parlors
(5) Capital stock	0.1 billion yen
(6) Major shareholder and shareholding ratio	The Company, 100%
(7) Net assets	(3.6) billion yen (As of June 30, 2016)

2. Reasons for debt forgiveness

According to the business restructuring of Group companies resolved at its board of directors meeting held today, following the succession of Konami Digital Entertainment Co., Ltd.'s arcade game business by the relevant consolidated subsidiary through the format of absorption-type company split, the electronic money services being offered mainly at amusement facilities are also required to be succeeded. For these electronic money services to be succeeded by the relevant consolidated subsidiary, according to the Payment Services Act, the relevant consolidated subsidiary must be registered by the Prime Minister as an issuer of third-party prepaid payment instruments.

To be registered, according to the Payment Services Act and its related Cabinet Order, certain requirements including net assets being 0.1 billion yen or more must be fulfilled.

Consequently, to fulfill the above requirements while reducing the cumulative losses of the relevant consolidated subsidiary and securing the soundness of its net assets, repayment of a portion of the borrowings from the Company will be forgiven.

3. Details of debt forgiveness

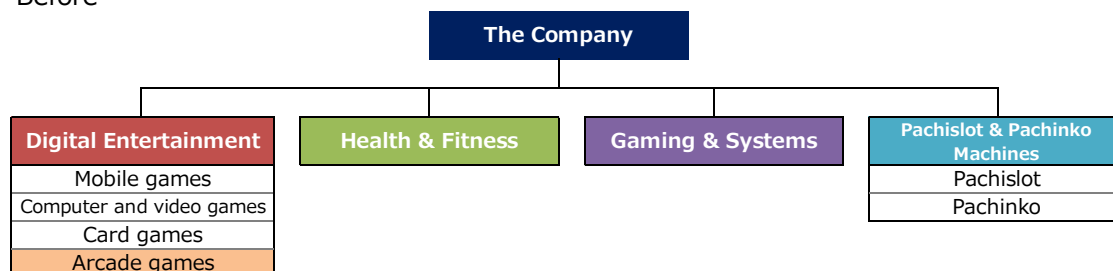
- (1) Type of debt: Borrowings
- (2) Amount of debt forgiven: 5.0 billion yen
- (3) Date executed: August 5, 2016

Outlook

As a result of the above forgiveness of repayment of borrowings, the Company will record a 5.0 billion yen loss on extinguishment of receivables in our non-consolidated financial statements; provided, however, that as the relevant consolidated subsidiary will record an equal gain on extinguishment of debts, the loss and gain will offset in the consolidated accounting. Moreover, as the business restructuring is taking place 100% among consolidated subsidiaries, the effect on consolidated performance is insignificant.

Conceptual diagram of the business restructuring and Konami Group business segments

Before



After

