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FOR IMMEDIATE RELEASE

KONAMI HOLDINGS CORPORATION  
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Shares listed: Tokyo and London Stock Exchanges

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## **Notice on the Issuance of Zero Coupon Convertible Bonds with Stock Acquisition Rights due 2022**

KONAMI HOLDINGS CORPORATION (the “Company”) hereby announces that its Board of Directors has resolved, at a Board of Directors’ meeting held on December 3, 2015, that the Company will issue Zero Coupon Convertible Bonds with Stock Acquisition Rights due 2022 (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) (the “Bonds with Stock Acquisition Rights”), as below.

### **【Background of Issuing the Bonds with Stock Acquisition Rights】**

Ever since its foundation in 1969, the Company and its consolidated subsidiaries (the “Konami Group”) has continued to enhance the corporate value to move with the times and embrace new challenges. As its corporate goal, the Konami Group aims to be a business group in which people can always place their expectations through the creation and provision of “valuable time.” The Konami Group currently pursues its business activities in the business areas of “entertainment” and “health” in four segments, including Digital Entertainment, Health & Fitness, and Gaming & Systems and Pachislot & Pachinko Machines.

In the entertainment market, the business strategy is now required to determine exactly the needs of users for products and contents along with the rapid spread of smartphones and tablet PCs, which spurred a worldwide increase in users, as well as enhanced device functionality and the diversification of game contents along with the development of information and telecommunications infrastructure.

Against this background, the Konami Group aims to continually enhance profitability through the improvement of operational efficiency with special focus on return on equity as a key indicator. The Konami Group is striving to further enhance the corporate value in the future by emphasizing on one of its basic management policies, to “value shareholders,” and targeting the payment of dividends to be more than 30% in the consolidated payout ratio, as well as focusing the investment in highly promising fields.

In addition, the management has opted to change the Company name from KONAMI CORPORATION to KONAMI HOLDINGS CORPORATION in October 2015. This is because the

This announcement is intended as general information regarding the issuance of the Convertible Bonds by the Company. There will be no public offer of the Convertible Bonds in Japan. This announcement does not constitute an offer of, or the solicitation of an offer to buy or subscribe for the Convertible Bonds or the shares of common stock of the Company (the “Shares”) in any jurisdiction including the United States in which such offer or solicitation is unlawful. In particular, the Convertible Bonds or the Shares issuable upon exercise of the Stock Acquisition Rights (together, the “Securities”) have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “Securities Act”). The Securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. No public offering of the Securities will be made in the United States.

transitioning to a pure holding company structure will celebrate 10 years in March 2016 since the Konami Group moved such structure in March 2006 for the purpose of responding appropriately to this rapidly changing market environment and evolving into a flexible and sustainable entity.

While maintaining its financial health with competitiveness in the changing market environment, the Company believes that the enhancement of shareholder return and capital efficiency are important ways to maximize corporate value and shareholder value. Therefore, the Board of Directors has resolved to issue the Bonds with Stock Acquisition Rights as a fund-raising to repurchase its own shares.

The Company also believes that repurchase of its own shares conforms to the recent trend to enhance corporate governance surrounding the stock market.

### **【Use of Proceeds】**

The net proceeds of the issue of the Bonds with Stock Acquisition Rights are estimated to be approximately ten billion yen, all of which are expected to be applied towards the repurchase of shares by March 31, 2016 in order to strengthen shareholder returns and to improve capital efficiency and to implement flexible capital policies in response to changes in business environment. The Company announced on December 3, 2015 that its Board of Directors has determined, at the same time of the resolution for issuance of the Bonds with Stock Acquisition Rights, the matters relating to repurchase of shares and set the total repurchase price to be up to ten billion yen and the repurchase period to be the period from and including December 4, 2015 to and including March 31, 2016. In case such repurchase takes place prior to the closing date of the Bonds with Stock Acquisition Rights, the Company intends to apply such amount to cash reserves which were used for this repurchase of shares.

As the Company will repurchase its own shares taking into consideration, among other things, the market conditions, the aggregate amount of the repurchase may not reach the net proceeds stated above, in which case, any balance will be applied towards working capital.

### **【Outline of the Bonds with Stock Acquisition Rights】**

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|-----------------------------|---|
| 1. Name of Issue            | Zero Coupon Convertible Bonds with Stock Acquisition Rights ( <i>tenkanshasaigata shinkabu yoyakuken-tsuki shasai</i> ) due 2022 of KONAMI HOLDINGS CORPORATION (the “Bonds with Stock Acquisition Rights”, the bond portion of which is referred to as the “Bonds” and the stock acquisition right portion of which is referred to as the “Stock Acquisition Rights”). |
| 2. Issue Price of the Bonds | 100.5 per cent. (The Bonds are issued in registered form in the denomination of 10,000,000 yen).  |
| 3. Amount to be paid in     | No amount shall be required to pay in exchange for the Stock  |

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|    | exchange for the Stock Acquisition Rights                                      | Acquisition Rights.  |
| 4. | Closing Date and Issuing Date of the Bonds                                     | December 22, 2015 (London time; unless otherwise indicated, hereinafter the same shall apply).   |
| 5. | Matters relating to Offering   |  |
|    | 1) Method of offering  | Offering in the overseas market mainly in Europe and Asia (excluding in the United States).  |
|    | 2) Offer price (offering price) of the Bonds with the Stock Acquisition Rights | 103.0% of the principal amount of each Bond.   |
| 6. | Exercise period of the Stock Acquisition Rights                                | The exercise period shall be from January 5, 2016 to the close of business of banks on December 8, 2022 (at the local time of the place where the Stock Acquisition Right is to be exercised). |
| 7. | Matters relating to Bonds  |  |
|    | 1) Aggregate amount of the Bonds   | The aggregate principal amount of 10,000,000,000 yen and the aggregate principal amount of the Bonds concerning the replacement certificates of Bonds with Stock Acquisition Rights.           |
|    | 2) Redemption of the Bonds upon maturity                                       | To be redeemed at 100% of the principal amount of each Bond on December 22, 2022.  |

**【Lock-up】**

The Company has agreed that it will not (among other things) issue shares or any securities convertible into or exchangeable for, or that constitutes the right to receive, shares (excluding the issue by the Company of the Bonds, the sale of shares by the Company to any holder of shares constituting less than one unit upon such holder's request, the issue of shares by the Company as a result of any stock split, the issue of the stock acquisition rights and the issue or transfer of shares upon exercise of stock acquisition rights in response to a takeover bid or other third-party attempts for a large holding of shares and any other issue or sale of shares required by the Japanese laws and regulations etc.) for a period beginning on the date of the subscription agreement and ending on the date 180 calendar days after the closing date without the prior written consent of the Lead Manager.

End of File

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