



May 10, 2017

Name of listed company:
BANDAI NAMCO Holdings Inc.
Name of representative:
Mitsuaki Taguchi,
President and Representative Director
(Code Number: 7832 TSE 1st section)
Contact: Yuji Asako,
Director, Division General Manager
of the Corporate Planning Division

Notice Regarding Change in Content of Performance-based Remuneration (Transition to a Performance-based Stock Compensation Plan)

BANDAI NAMCO Holdings Inc. (“the Company”) hereby announces that the Company has, at the Board of Directors meeting held on May 10, 2017, resolved to revise the remuneration system for Directors and make a transition from the stock compensation-type stock option plan for Directors (excluding Outside Directors; hereinafter referred to as “Eligible Directors”) to a plan in which monetary compensation claims for granting common stock of the Company, and cash are provided (performance-based stock compensation plan; hereinafter referred to as “the Plan”), and the Company plans to submit the proposal on the Plan to the Twelfth Ordinary General Meeting of Shareholders that is scheduled to be held on June 19, 2017 (hereinafter referred to as “this General Meeting of Shareholders”), as follows.

The resolution on the above matter at the Board of Directors meeting was made based on the result of deliberations at the Personnel Committee, a voluntary advisory body, of which a majority of the members are independent Outside Directors.

1. Purpose of the introduction of the Plan, and others

(1) Purpose of the introduction of the Plan

Remuneration for Eligible Directors of the Company comprises bonuses that are provided according to performance for each fiscal year and stock compensation-type stock options as performance-based remuneration, in addition to base remuneration as fixed remuneration.

At the Company’s Tenth Ordinary General Meeting of Shareholders held on June 22, 2015, shareholders’ approval was received for granting stock compensation-type stock options with an upper limit of 160 million yen per year to Eligible Directors (hereinafter referred to as “the Current Plan”) by way of responding to the Mid-term Plan of the BANDAI NAMCO Group (from April 2015 to March 2018) (hereinafter referred to as “the Mid-term Plan”) (hereinafter, this resolution for approval is referred to as “the Current Plan approval resolution”).

The Current Plan is designed to have Directors aspire toward achieving performance targets listed in the Mid-term Plan, the performance requirement (50,000 million yen or greater of consolidated operating profit for the Company) has been imposed as a condition for the options being allotted, and the stock compensation-type stock options will not be granted to Directors in the first place if the requirement is not fulfilled. Whether stock options are granted, and what baseline is set, are determined for each fiscal year while the Mid-term Plan is in effect.

Recently, with regard to the stock compensation system for directors in Japan, various improvements have been made to the system to enable shares to be directly delivered to directors by providing monetary

compensation claims to directors and, in turn, the monetary compensation claims being paid in by the directors as property contributed in kind. Based on the system improvements, the Company plans to revise the remuneration system for Directors from a viewpoint of further deepening shared value with shareholders through Directors' direct holding of shares. Consequently, the Company would like to partially change the Current Plan approval resolution as performance-based remuneration plan, and introduce the Plan in the fiscal year ending March 31, 2018, which is the final fiscal year of the Mid-term Plan, in place of the Current Plan while adhering to the approach of the Current Plan.

Since the transition to the Plan enables Directors, etc. to directly hold shares during their terms of office, the Company believes that the Plan will deepen shared value with shareholders beyond that in the Current Plan. Furthermore, in regard to the common stock of the Company to be delivered under the Plan, as with the Current Plan, sale of the shares shall be restricted during the terms of office of Directors, etc., and Directors, etc. shall continue to hold the shares until their retirement in order to continue to ensure shared value with shareholders during the terms of office of Directors, etc.

(2) Conditions for the introduction of the Plan

Because the Plan requires the provision of monetary compensation claims for granting common stock of the Company and cash to its Eligible Directors, the Plan shall be introduced on the condition that shareholders approve the payment of such remuneration at this General Meeting of Shareholders.

Specifically, at this General Meeting of Shareholders, the Company will request shareholders' approval for the provision of monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash as performance-based remuneration for the fiscal year ending March 31, 2018 to Eligible Directors of the Company with an upper limit of 160 million yen per year, which is equal to the upper limit for remuneration in the Current Plan approval resolution, in place of the stock compensation-type stock option plan for the fiscal year ending March 31, 2018 based on the Current Plan approval resolution.

Provided the proposal on the Plan is approved and adopted, the Company will no longer grant stock compensation-type stock options under the current stock compensation-type stock option plan.

2. Content of the Plan

(1) Overview of the Plan

As with the Current Plan, under the Plan, monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash (hereinafter referred to as "the Company's Shares, Etc.") shall be delivered or provided to Eligible Directors according to the amount of consolidated operating profit only if consolidated operating profit of the Company in the fiscal year ending March 31, 2018, which is the final fiscal year of the Mid-term Plan, (hereinafter referred to as "the Evaluation Period") is 50,000 million yen or greater.

(2) Upper limit on remuneration amount under the Plan

The amount of monetary compensation claims and cash shall be determined according to the amount of consolidated operating profit in the Evaluation Period (*) and with an upper limit of 160 million yen per year.

(*) Monetary compensation claims and cash shall not be provided if consolidated operating profit does not reach 50,000 million yen. If consolidated operating profit is 50,000 million yen or greater, the amount to be provided shall vary in a range of up to a maximum of 160 million yen, according to the increase in consolidated operating profit.

(3) Upper limit on the total number of shares to be delivered to Eligible Directors

The total number of shares to be delivered shall be no greater than 40,000 during each fiscal year (0.018% of the total number of shares issued).

The amount to be paid in per share shall be determined by the Board of Directors within a range that

would not be considered specially advantageous to Eligible Directors, for example, based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution at the Board of Directors meeting prescribed in (4) below.

(4) Requirements for delivering the Company's Shares, Etc. to Eligible Directors

Under the Plan, the Company's Shares, Etc. shall be delivered or provided when the Evaluation Period ends and Eligible Directors fulfill the following requirements. The amount of the Company's Shares, Etc. to be delivered or provided to each Eligible Director shall be determined at the Board of Directors meeting held after the expiration of the Evaluation Period.

- (a) The Eligible Director was in office as a Director, etc. during the Evaluation Period.
- (b) The Eligible Director did not engage in any specified misconduct.
- (c) Other requirements deemed necessary that have been set by the Board of Directors

3. Matters that are proposed for shareholders' approval together with the transition to the Plan

(1) Change from remuneration payment method under the current stock compensation-type stock option plan
(Change in content of performance-based remuneration for the fiscal year ended March 31, 2017)

The Company will be able to deliver common stock of the Company directly to Directors through the transition to the Plan. Therefore, in order to further promote shared value with shareholders, the Company plans to request shareholders' approval of partial change in the Current Plan approval resolution, so that, with regard to stock compensation-type stock options as performance-based remuneration for the fiscal year ended March 31, 2017, for which the amount of consolidated operating profit that is the indicator for the performance requirements has already been finalized, shares can also be directly delivered with content similar to the Plan, instead of adopting a stock compensation-type stock option plan.

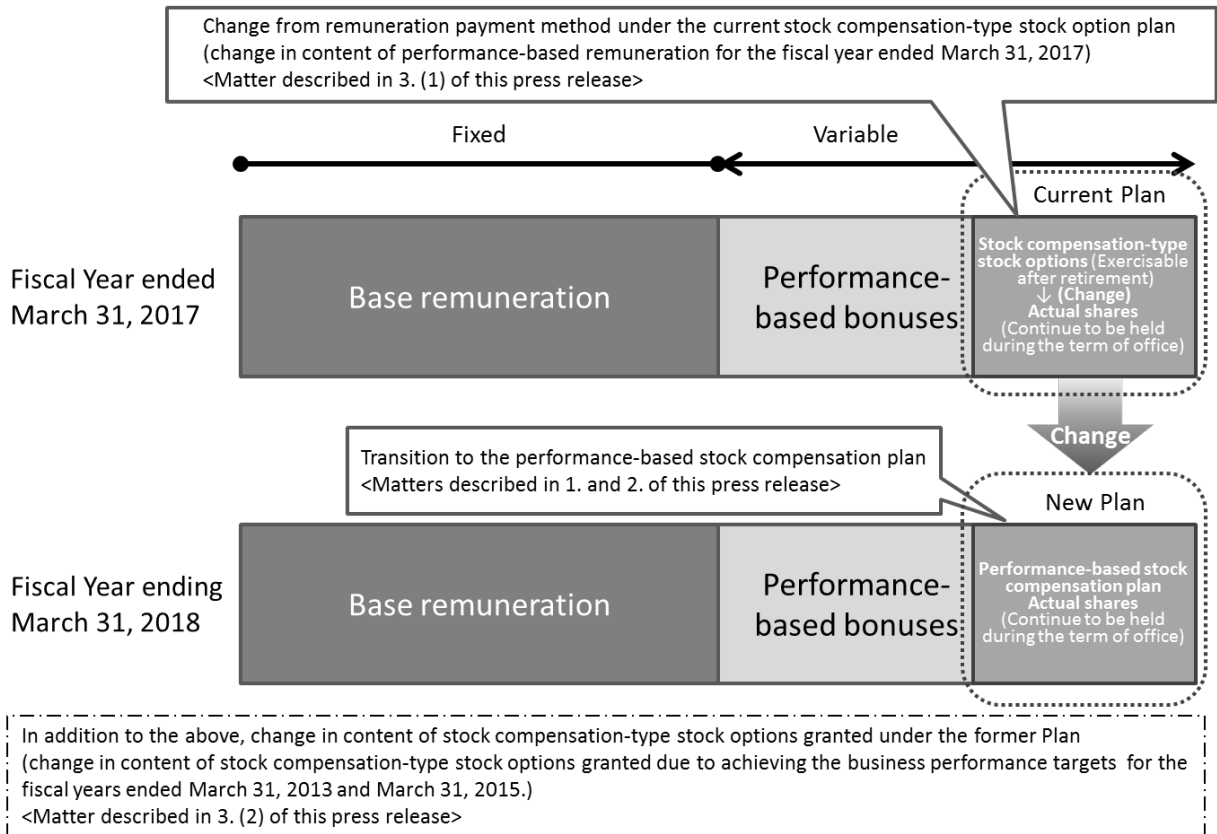
(2) Change in content of stock compensation-type stock options granted under the former plan
(Change in content of stock compensation-type stock options granted due to achieving business performance targets for the fiscal years ended March 31, 2013 and March 31, 2015)

At the Seventh Ordinary General Meeting of Shareholders held on June 18, 2012, the Company introduced the remuneration system for Directors of the Company in which stock compensation-type stock options are granted as performance-based remuneration for each fiscal year during the period of the Mid-term Plan of the BANDAI NAMCO Group (from April 2012 to March 2015) (hereinafter referred to as "the previous Mid-term Plan"), on the condition that business performance targets in the previous Mid-term Plan are achieved (This remuneration plan shall be hereinafter referred to as "the former Plan"). For the fiscal years ended March 31, 2013 and March 31, 2015 during the period of the previous Mid-term Plan, stock compensation-type stock options were granted under the former Plan because the targets were achieved.

In line with the transition to the Plan, the Company also plans to request shareholders' approval for a partial change to the exercise period and conditions on exercising rights with regard to stock compensation-type stock options granted under the former Plan and that have not been exercised, so as to ensure early exercise of the stock options and acquisition of shares and to further deepen shared value with shareholders. In addition, also after this change, for part of the Company's common stock to be acquired by exercise of the stock compensation-type stock options (portion equivalent to the remaining amount after tax payment), sale of the shares shall be restricted during the terms of office of Directors, etc., and Directors, etc. shall continue to hold the shares until their retirement.

(Reference)

Please refer to the figure below for a visual overview of the current remuneration system for Eligible Directors of the Company and points of change for which the Company will request approval at this General Meeting of Shareholders.



End of notice