



May 9, 2018

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 Revision of Performance-based Stock Compensation Plan**

At the Board of Directors meeting held today, BANDAI NAMCO Holdings Inc. (“the Company”) has passed the resolution to revise its performance-based stock compensation plan for Directors excluding Outside Directors of the Company (hereinafter “Eligible Directors”).

Specifically, the Board resolved to revise the plan from the current plan, which provides monetary compensation claims for delivering common stock of the Company and cash with an approved upper limit of 160 million yen per year (hereinafter “the Current Plan”), to a plan that provides monetary compensation claims for delivering common stock of the Company and cash, with an upper limit being the amount obtained by multiplying 45,000 shares by the share price at the time of delivery (stipulated in 2 (2) (\*3) below and is hereinafter referred to as “the Delivery Share Price”) by way of responding to the “Mid-term Plan of the BANDAI NAMCO Group (From April 2018 to March 2021),” which started in April 2018 (hereinafter “the Mid-term Plan”) (this revision is hereinafter referred to as “the Revision”, and the plan after the Revision is hereinafter referred to as “the Plan”). The Company plans to submit a proposal on the Revision to the Company’s Thirteenth Ordinary General Meeting of Shareholders that is scheduled to be held on June 18, 2018 (hereinafter “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 Revision, etc.

The Company initially received approval at the Tenth Ordinary General Meeting of Shareholders held on June 22, 2015 for granting stock compensation-type stock options with an upper limit of 160 million yen per year under a performance requirement by way of responding to the Mid-term Plan immediately preceding the current Mid-term Plan (hereinafter “the Initial Plan”). However, at the Company’s Twelfth Ordinary General Meeting of Shareholders held on June 19, 2017, approval was received to partially change the resolution for approval related to the Initial Plan in light of various improvements made to stock compensation systems in Japan, and introduce the Current Plan for the fiscal year ended March 31, 2017 and the fiscal year ended March 31, 2018, while staying in line with the basic approach of the Initial Plan.

The Company seeks to change the content of the Current Plan in order to have Directors aspire toward achieving performance targets listed in the Mid-term Plan, and to further deepen shared value with

shareholders and promote continuous improvement in corporate value following the change of the basic policy for providing returns to shareholders. Accordingly, the Company wishes to set the total amount of monetary compensation claims and cash to be provided as performance-based stock compensation to within the amount obtained by multiplying 45,000 shares by the Delivery Share Price, which is considered an appropriate amount based on the abovementioned objectives. Unlike the Current Plan, under the Plan the upper limit for the total amount of monetary compensation claims and cash to be provided fluctuates in accordance with the Delivery Share Price.

Under the Plan, the Company's common stock and cash are delivered or provided to Eligible Directors in accordance with a number of payment share units determined in accordance with the degree of attainment of the performance target for consolidated operating profit of the Company in each fiscal year covered by the Mid-term Plan (hereinafter "Evaluation Fiscal Years"), based on a reference number of share units determined in advance in accordance with the roles and so forth of the Eligible Directors. The number of payment share units is decided purely based on performance, and payment is made only when consolidated operating profit is 60,000 million yen or higher, with the number of payment share units increasing gradually until consolidated operating profit reaches 75,000 million yen (the final fiscal year target for the Mid-term Plan). Under this design, changes in the share price from the first fiscal year of the Mid-term Plan can be reflected directly in compensation. Furthermore, payment or non-payment and the number of payment share units are determined each Evaluation Fiscal Year.

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. Therefore, to enable allocation of funds for payment of tax arising when the shares of the common stock of the Company are delivered to Eligible Directors, a cash payment shall be made in the amount obtained by converting a portion of the determined number of payment share units at the Delivery Share Price.

The Plan shall be introduced on the condition that shareholders approve the proposal regarding the Revision at this General Meeting of Shareholders.

## 2. Content of the Plan

### (1) Overview of the Plan

Under the Plan, common stock of the Company (\*1) and cash (hereinafter "the Company's Shares, Etc.") shall be delivered or provided to Eligible Directors according to the degree of attainment of the performance target for consolidated operating profit for each Evaluation Fiscal Year. The Company's Shares, Etc. shall be delivered or provided only when consolidated operating profit is 60,000 million yen or higher, and the payment ratio shall become 100% when consolidated operating profit reaches the final fiscal year target for the Mid-term Plan of 75,000 million yen.

#### (\*1) Method of delivering the Company's common stock under the Plan

The Company shall provide monetary compensation claims as remuneration to Eligible Directors, who shall pay in the monetary compensation claims as property contributed in kind to receive delivery of the Company's common stock.

However, for Eligible Directors who are non-residents of Japan, in place of the delivery of the Company's common stock, they shall be provided with cash in the amount obtained by converting all of the determined number of share units at the Delivery Share Price.

(2) Calculation method of the number of the Company's Shares, Etc., and the total amount of the Company's Shares, Etc., to be delivered or provided to Eligible Directors

Taking the predetermined reference number of share units for Eligible Directors as the basis for calculation, the number of shares of common stock of the Company and amount of cash to be delivered or provided are calculated according to the amount of consolidated operating profit of the Company for the Evaluation Fiscal Year based on the formula below.

(a) The number of shares of common stock of the Company to be delivered to each Eligible Director  
 Number of payment share units  $\times$  50% (with any resulting odd-lots of less than 100 shares rounded up)

(Note 1) Number of payment share units = Predetermined reference number of share units (\*1)  $\times$  Ratio according to the consolidated operating profit of the Company for that Evaluation Fiscal Year (payment ratio) (\*2) (with any resulting odd-lots of less than 100 shares rounded down)

(Note 2) As in (1) (\*1), what is actually provided to Eligible Directors is monetary compensation claims corresponding to the amount obtained by multiplying the number of the abovementioned shares of common stock of the Company by the share price at the time of delivery (\*3). These are for making payment as property contributed in kind upon delivery of the Company's common stock.

(b) The amount of cash to be provided to each Eligible Director  
 (Number of payment share units – The number calculated in (a) above)  $\times$  Share price at the time of delivery (\*3)

(\*1) Reference number of share units shall be determined beforehand based on the roles and responsibilities of each Eligible Director.

(Reference) If the proposal regarding the Revision is approved and adopted as proposed at this General Meeting of Shareholders, the reference number of share units for Eligible Directors for the fiscal year ending March 31, 2019 will be as shown in the table below. For Eligible Directors who serve concurrently as the president and representative director of one of the five core companies of the Units of the BANDAI NAMCO Group ("the Group"), namely BANDAI CO., LTD. ("BC"), BANDAI NAMCO Entertainment Inc. ("BNE"), BANDAI NAMCO Amusement Inc. ("BNAM"), BANDAI NAMCO Arts Inc. ("ARTS"), and SUNRISE INC. ("SR"), or BANDAI SPIRITS CO., LTD. ("BSP"), the reference number of share units for the president and representative director of the respective Unit core company or BSP is applied. Moreover, for Eligible Directors who serve concurrently as president and representative director of multiple companies at Unit core companies and BSP, the highest of the corresponding reference numbers of share units for the president and representative director of the respective Unit core company or BSP is applied. If an Eligible Director serves multiple positions concurrently as described above, the respective Unit core company and BSP which has the relevant concurrent director will provide the relevant Eligible Director with monetary compensation claims and cash as remuneration in accordance with a predetermined rule.

	The Company	BC	BNE	BNAM	ARTS	SR	BSP
President and representative director	6,600	5,300	6,000	3,300	4,600	3,300	5,300
Director	3,300	–	–	–	–	–	–

(\*2) the Company's Shares, Etc. shall not be provided if consolidated operating profit does not reach 60,000 million yen. If consolidated operating profit is 75,000 million yen or greater, 100% of the Company's Shares, Etc. shall be provided. The specific method for determining the payment ratio is as follows.

Consolidated operating profit	Payment ratio
Less than 60,000 million yen	0%
From 60,000 million yen to less than 75,000 million yen	$[50 + \{(Amount\ of\ consolidated\ operating\ profit\ (in\ 100\ million\ yen) - 60,000\ million\ yen) \div 100\ million\ yen\} \div 3]\%$
75,000 million yen or more	100%

(\*3) Share price at the time of delivery is 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 held to deliver the Company's common stock related to the Plan within two months of the date of the Ordinary General Meeting of Shareholders pertaining to each Evaluation Fiscal Year stipulated in (3) below (if the Company's shares were not traded on that day, the closing price on the last day the shares were traded prior to that).

The upper limit of the total amount of monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash for one fiscal year of the Evaluation Fiscal Years shall be the amount obtained by multiplying 45,000 shares by the Delivery Share Price. Of this, the upper limit for the total number of shares of common stock of the Company that can actually be delivered to the Eligible Directors shall be 22,500 shares (0.01% of the total number of shares issued) per fiscal year of the Evaluation Fiscal Years. However, at the close of this General Meeting of Shareholders or thereafter, if the Company carries out a share split (including allotments of shares without receipt of monetary consideration; the same shall apply hereinafter to share splits mentioned below) or share consolidation of the common stock of the Company, the abovementioned number of shares shall be adjusted in accordance with the following formula, with any fractions less than one share resulting from the adjustment being rounded down.

Number of shares after adjustment = Number of shares before adjustment × Ratio of share split or share consolidation

### (3) Requirements for delivering or providing the Company's Shares, Etc. to Eligible Directors

Under the Plan, the Company's Shares, Etc. shall be delivered or provided when the Evaluation Fiscal Year ends and Eligible Directors fulfill the following requirements.

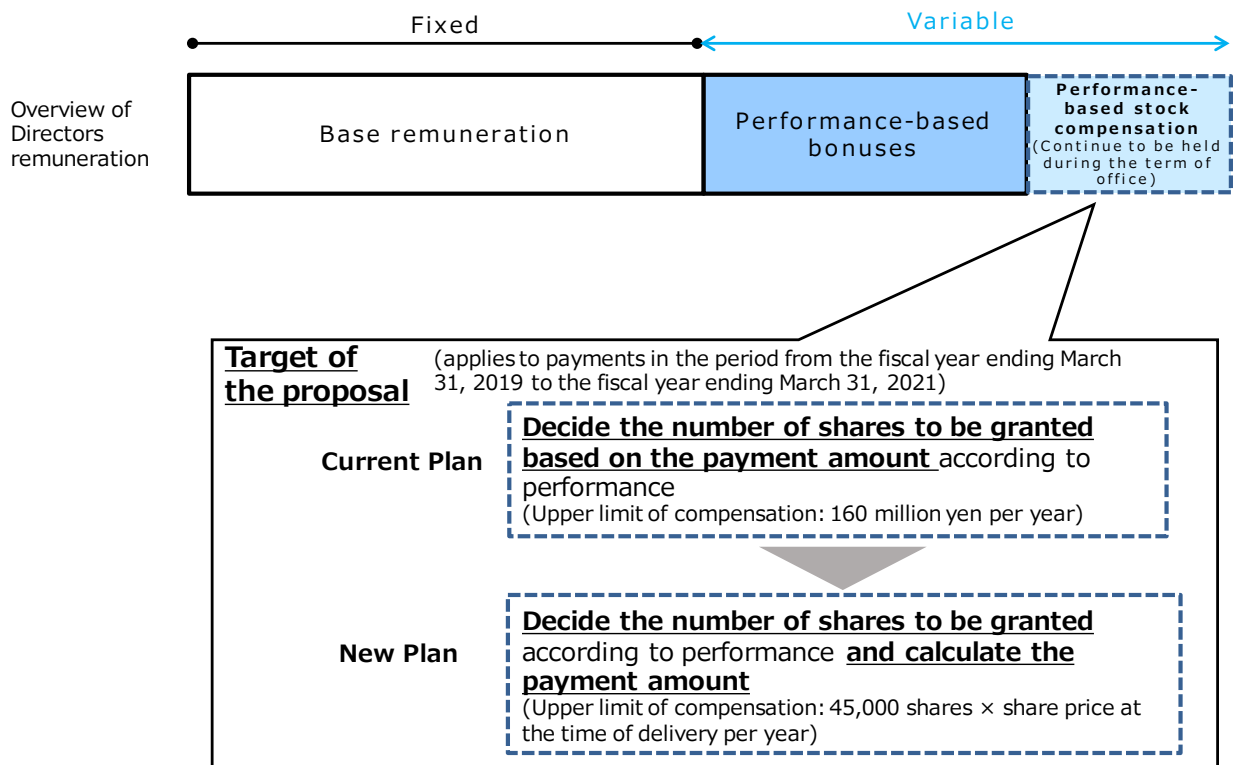
The number of the Company's Shares, Etc. to be delivered or provided shall be decided at a Board of Directors meeting for delivering the Company's common stock related to the Plan held within two months of the Ordinary General Meeting of Shareholders for the Evaluation Fiscal Year.

- (a) The Eligible Director remained in office as a Director until the end of the Evaluation Fiscal Year.
- (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

(Reference) Directors of the five core companies of the Group's Units, BC, BNE, BNAM, ARTS, and SR, or BSP, who are not serving concurrently as Directors of the Company (hereinafter "the Eligible Subsidiary Directors") shall also be eligible for the same kind of performance-based stock compensation plans. Provided the proposal regarding the Revision is approved as proposed at this General Meeting of Shareholders, the Company's Shares, Etc. shall be delivered or provided to the Eligible Subsidiary Directors with content similar to the Plan.

The upper limit of the total amount of monetary compensation claims (to be used as property contributed in kind in payment for common stock of the Company) and cash for one fiscal year of the Evaluation Fiscal Years to be provided to the Eligible Subsidiary Directors shall be the amount obtained by multiplying 60,000 shares by the Delivery Share Price (added to the portion provided to Eligible Directors, the upper limit for the total amount shall be the amount obtained by multiplying 105,000 shares by the Delivery Share Price). Moreover, the upper limit for the total number of shares of common stock of the Company that can actually be delivered to the Eligible Subsidiary Directors shall be 30,000 shares (0.01% of the total number of shares issued) per fiscal year of the Evaluation Fiscal Years (furthermore, added to the portion delivered to Eligible Directors, the upper limit for the total number of shares delivered shall be 52,500 shares (0.02% of the total number of shares issued)). However, at the close of this General Meeting of Shareholders or thereafter, if the Company carries out a share split or share consolidation of the common stock of the Company, the abovementioned number shall be adjusted by the same formula in (2) above, etc.

(Reference) For a visual overview of the Company’s Directors remuneration (excluding Outside Directors), please see the figure below.



End of notice