

February 27, 2014

Press Release

Company Name: KADOKAWA CORPORATION

Representative: Tatsuo Sato, Representative Director and President

(Code: 9477, First Section of Tokyo Stock Exchange)

Contact: Masaki Matsubara, Managing Director

(TEL. +81-3-3238-8412)

Notice of Corporate Divestiture (Simple Incorporation-Type Company Demerger)

KADOKAWA CORPORATION (the “Company”) hereby announces the resolution of the Board Directors at a meeting held today to spin off its business related to the operation of new internet services into a newly established joint-stock company, WALKER47 INC..

The spinoff will be made solely by the Company through a simple incorporation-type company demerger, and therefore some of the details have been omitted from the disclosure.

Details:

1. Objectives of the corporate divestiture

The Company plans to develop a revenue source for its internet service business using the existing editing technologies. As part of its efforts, the Company will build a system to allow timely management decisions and increase the earning power of the entire Group.

2. Summary of the corporate divestiture

(1) Schedule for the corporate divestiture

Resolution of the Board of Directors: February 27, 2014

Scheduled date of corporate divestiture (effective date): March 31, 2014 (planned)

Note: As this corporate divestiture meets the requirement of a simple demerger under Article 805 of the Companies Act, the approval of a General Meeting of the Shareholders is omitted.

(2) Method of the corporate divestiture

A new joint-stock company, WALKER47 INC., will be established through a simple incorporation-type demerger from the Company.

(3) Share allotment in connection with the corporate divestiture

The newly established company will issue 20,000 common shares, all of which will be allotted to the Company.

(4) Decrease in capital resulting from the corporate divestiture

There will be no changes in the amount of capital of the Company as a result of the divestiture.

(5) Treatment of stock acquisition rights and bonds with stock acquisition rights of the demerging company

No change will be made to the bonds with stock acquisition rights issued by the Company as a result of this corporate divestiture. The Company has not issued stock acquisition rights other than those related to the warrant bonds concerned.

(6) Rights and obligations transferred to the newly established company

Upon the divestiture, the Company will transfer assets, liabilities, positions in contracts, and other rights and obligations related to the business concerned, which are considered necessary in the operation thereof, to the newly established company.

(7) Ability to fulfill obligations

The Company expects that all the debt obligations to be assumed by the Company and the newly established company after the effective date will be fulfilled as planned.

3. Overview of the companies in the divestiture

	Demerger Company (as of December 31, 2013)	Newly-established Company (planned for March 31, 2014)
(1) Trade name	KADOKAWA CORPORATION	WALKER47 INC.
(2) Head office location	2-13-3 Fujimi, Chiyoda-ku, Tokyo	Gobancho Grand Bldg., 3-1 Gobancho, Chiyoda-ku, Tokyo
(3) Title and name of representative	Tatsuo Sato, Representative Director and President	Koji Iwasaki, Representative Director and President
(4) Business description	Businesses related to publishing, imaging, copyrights, and digital content	Internet service
(5) Capital	27,398 million yen	100 million yen
(6) Date established	April 2, 1954	March 31, 2014 (planned)
(7) Total shares outstanding	28,115,481 shares	20,000 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and percentages of shares held	Nippon Life Insurance Company: 5.64% Japan Trustee Services Bank, Ltd. (account in trust): 5.55% Namco Bandai Holdings Inc.: 4.77% Northern Trust Company (AVFC) Sub-account British Client: 4.59% Mizuho Bank Ltd.: 4.11%	KADOKAWA CORPORATION: 100%

* The major shareholders of KADOKAWA CORPORATION and the percentages of shares held are current as of September 30, 2013.

(10) Financial status of the demerger company in the last fiscal year (consolidated)

Fiscal Year	Fiscal year ended March 2013
Net Assets	87,545 million yen
Total Assets	139,898 million yen
Net Assets per Share	3,339.17 yen
Net Sales	161,602 million yen
Operating Income	7,951 million yen
Ordinary Income	8,661 million yen
Net Income	5,040 million yen
Net Income Per Share	194.72 yen

4. Overview of the division for divestiture

(1) Business description of division for divestiture

New internet service

(2) Financial results of business to be spun off

Financial results are not posted since the said business is in the preparation stage.

(3) Assets and liabilities and their amounts to be transferred (planned for March 31, 2014)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	1,105 million yen	Current Liabilities	22 million yen
Non-current Assets	37 million yen		
Total	1,142 million yen	Total	22 million yen

5. Status after the divestiture

No changes will be made to the Company's trade name, business description, or head office location, the representative's title and name, capital, or fiscal year-end as a result of the divestiture.

6. Future prospects

This corporate divestiture will have a minimal effect on the Company's consolidated financial performance since it is an incorporation-type demerger implemented solely by the Company. Consolidated financial forecasts for the fiscal year ending March 31, 2014 are not disclosed due to the inability to perform reasonable calculations.