

January 8, 2014

Press Release

Company Name: KADOKAWA CORPORATION  
Representative: Tatsuo Sato, Representative Director and President  
(Code: 9477, First Section of Tokyo Stock Exchange)  
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**Notice of the Accrualment of Extraordinary Income (Gain on Cancellation of Shares Due to Absorption of Subsidiaries) and Extraordinary Loss (Loss on Cancellation of Shares Due to Absorption of Subsidiaries) as a Result of Absorption-Type Merger of Subsidiaries**

KADOKAWA CORPORATION (the “Company”) merged with nine consolidated subsidiaries, namely ASCII Media Works Inc., Enterbrain, Inc., Kadokawa Gakugei Shuppan Publishing Co., Ltd., Kadokawa Shoten Co., Ltd., Kadokawa Production Co., Ltd., Kadokawa Magazines, Inc., Chukei Publishing Company, Fujimi Shobo Co., Ltd. and Media Factory, Inc. (“merged entities”), on October 1, 2013, as it had announced in the Notice of Absorption-Type Merger of Consolidated Subsidiaries and Partial Amendments to the Trade Name and the Articles of Incorporation dated March 28, 2013.

The Company hereby announces that, as a result of this absorption-type merger, an amount of extraordinary income (gain on cancellation of shares due to the absorption of the subsidiaries) and an amount of extraordinary loss (loss on cancellation of shares due to the absorption of the subsidiaries) have been determined and recorded in the non-consolidated accounts. Details are as follows.

Details:

1. Description

The difference between the value of the net assets obtained by the Company from the merged entities on the effective date of the merger (October 1, 2013) and the book value of the shares in the merged entities owned by the Company shall be recorded as extraordinary income on the merger of the subsidiaries (gain on cancellation of shares due to the absorption of the subsidiaries) and extraordinary loss on the merger of the subsidiaries (loss on cancellation of shares due to the absorption of the subsidiaries).

(1) Amount of extraordinary income: 15,967 million yen (gain on cancellation of shares due to the absorption of the subsidiaries)

Amount of extraordinary loss: 3,226 million yen (loss on cancellation of shares due to the absorption of the subsidiaries)

(2) Record date: October 1, 2013

## 2. Effects on Results for the Fiscal Year Ending March 2014

(1) Non-consolidated accounts: Extraordinary income on the merger of the subsidiaries (gain on cancellation of shares due to the absorption of the subsidiaries) of 15,967 million yen and extraordinary loss on the merger of the subsidiaries (loss on cancellation of shares due to the absorption of the subsidiaries) of 3,226 million yen shall be recorded.

(2) Consolidated accounts: The merged entities will have no impact on the consolidated accounts because they were wholly owned subsidiaries of the Company prior to the merger.