

# NAMCO BANDAI Holdings Inc.

Notice of the Third Ordinary General Meeting of Shareholders to be  
held on June 23, 2008

An English translation of the original notice in Japanese

## DISCLAIMER

The following is an English translation of the original notice in Japanese, "Notice of the Third Ordinary General Meeting of Shareholders of NAMCO BANDAI Holdings Inc." to be held on June 23, 2008.

The Company provides this translation for your reference and convenience only and does not guarantee its accuracy or otherwise. In the event of any discrepancies, the original notice in Japanese shall prevail.

These documents have been prepared solely in accordance with Japanese law, and are offered here for informational purposes only. Note in particular that the financial statements included in the following translation have been prepared in accordance with Japanese GAAP.

Securities code: 7832

June 2, 2008

2-16-2 Konan, Minato-ku, Tokyo  
NAMCO BANDAI Holdings Inc.  
President and Representative Director  
Takeo Takasu

Dear Shareholders,

## NOTICE OF THE THIRD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Third Ordinary General Meeting of Shareholders of NAMCO BANDAI Holdings Inc. (“the Company”) to be held as set forth below.

If you are unable to attend the meeting in person, you may exercise your voting rights in either of the following ways. In this case, please review the enclosed “Reference Documents for the General Meeting of Shareholders.”

### Exercise of Voting Rights via Postal Mail:

Please indicate on the enclosed Voting Rights Exercise Form your approval or disapproval of each item on the agenda and return it so that it arrives by 5:30 p.m., Saturday, June 21, 2008.

### Exercise of Voting Rights via the Internet:

1) Please access the website designated for the exercise of voting rights (<http://www.evotep.jp/>) on the Internet. Using the log-in ID and temporary password shown on the enclosed Voting Rights Exercise Form, follow the on-screen instructions, register your approval or disapproval of each item on the agenda by 5:30 p.m., Saturday, June 21, 2008.

2) If you submit multiple votes by exercising your voting rights by both postal mail and the Internet, then the vote cast via the Internet shall be deemed valid. In addition, if you cast your vote via the Internet multiple times, then the last vote you cast shall be deemed valid. If you cast your vote via the Internet using both a personal computer and mobile phone, then the last vote you cast shall be deemed valid.

## Meeting Details

- 1. Date and Time:** June 23, 2008 (Monday) at 10:00 a.m.
- 2. Place:** “Hiten,” Grand Prince Hotel New Takanawa  
3-13-1 Takanawa, Minato-ku, Tokyo
- 3. Purposes of the Meeting:**

### **Matters to be Reported:**

1. Report on the Contents of the Annual Business Reports, the Consolidated Financial Statements and the Results of the Auditing of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors for the Third Fiscal Year (from April 1, 2007 to March 31, 2008)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Third Fiscal Year (from April 1, 2007 to March 31, 2008)

### **Matters to be Resolved:**

**Proposal No. 1:** Appropriation of Surplus

**Proposal No. 2:** Election of Eleven (11) Directors

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- ◎ If you attend the meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception desk located at the place of the shareholders’ meeting.
  - ◎ If revisions to the contents of the Reference Documents for the General Meeting of Shareholders, the Business Reports, Non-Consolidated Financial Statements and Consolidated Financial Statements are required, the Company shall publish a notification on the Company website at:  
(<http://www.bandainamco.co.jp/ir/stock/meeting/index.html>).
  - ◎ To exercise your voting rights via the Internet, please see “Information on Exercise of Voting Rights via the Internet” on page four of this document. If you attend the meeting in person, you do not need to follow the procedures for exercise of voting rights via postal mail (sending the Voting Rights Exercise Form) or via the Internet.

End of Notice

## **[Information on Exercise of Voting Rights via the Internet]**

1. The exercise of voting rights via the Internet is available only by gaining access to the designated website for exercise of voting rights (<http://www.evotep.jp/>) from a PC or a mobile phone (i-mode, EZweb or Yahoo! Mobile). However, please note that you cannot exercise your voting rights via the Internet on the designated website between the hours of 2:00 a.m. and 5:00 a.m. everyday.  
\* “i-mode,” “EZweb” and “Yahoo!” are service marks or registered trademarks of NTT DOCOMO, INC., KDDI Corporation, and Yahoo Inc. in the US, respectively.
2. Please note that you may not be able to exercise your voting rights via the Internet on the designated website for exercise of voting rights depending on the Internet settings configured on your PC such as firewalls, etc. that are in place to regulate your Internet connections, anti-virus software that has been installed on your PC, or the use of a proxy server, etc.
3. When exercising the voting rights via mobile phone, you must use one of the following services: i-mode, EZweb, or Yahoo! Mobile. However, for security reasons, you cannot vote with mobile handsets that cannot process encrypted communications (SSL communications) or that cannot send their own information.
4. Please note that, in order to prevent unauthorized access to the designated website by individuals other than shareholders (persons impersonating shareholders) or prevent the alteration of votes, we request you to change your “temporary password” to another password at the dedicated website for exercise of voting rights, when you want to exercise your voting rights via the Internet.
5. All costs associated with your access to the website for exercise of voting rights (cost of dial-up connections, telephone tolls, etc.) are to be borne by the shareholder. Also, when voting via mobile phone, packet communication fees and other costs incurred in the use of a mobile phone are also to be borne by the shareholder.

**For further assistance regarding the system, please contact:**

Transfer Agent Department (Help Desk)

Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (9:00 to 21:00 (Japan Time)); toll free only within Japan)

(Attached Document)

## **BUSINESS REPORTS**

*(From April 1, 2007 to March 31, 2008)*

### **1. Current Status of the Group**

#### **(1) Business Status for This Fiscal Year**

##### **(i) Business Progress and Results**

This fiscal year created a distinct sense of caution about the direction of Japan's economy because of soaring oil prices and the effect on global financial markets by the subprime mortgage crisis in the U.S. This caution toward the future economy, and the generational transition of the hardware caused uncertainty in the business environment of the entertainment industry as a whole.

With these general economic concerns as a background, the BANDAI NAMCO Group ("the Group") pushed ahead with strengthening, enriching, and expanding its portfolio management, which was based on the three-year medium-term management plan launched in April 2006.

On the business front, although the Game Contents Business performed strongly – particularly in domestic arcade game machines and overseas home video game software – the Toys and Hobby Business, and Visual and Music Content Business did not continue their strong performances of the prior fiscal year when they had benefited from hit products and group synergies. Meanwhile, the Amusement Facility Business performed weakly amid harsh market conditions, particularly at existing facilities. As a result of the reconsidering its business strategy in light of trends of the future market, the Amusement Facility Business decided to close down some facilities to improve profitability.

On the expenses front, there were some factors increasing costs such as base integration in the Game Contents Business and changes to the depreciation accounting rules.

Consequently, the Group's consolidated results for this fiscal year ended with net sales of 460,473 million yen (year-on-year increase of 0.3%); operating income of 33,411 million yen (year-on-year decrease of 20.9%); recurring income of 36,198 million yen (year-on-year decrease of 20.6%). Net income of this fiscal year was 32,679 million yen (year-on-year increase of 34.7%) due to the report of the extraordinary income arising from the sales of fixed assets and the loss of impaired fixed assets arising from the closed amusement facilities in Japan as noted above.

## (ii) Outline of Business by Business Segment

(¥ Million)

Business Segment	Net Sales			Operating Income		
	Year Ended March 31, 2008	Year Ended March 31, 2007	Change	Year Ended March 31, 2008	Year Ended March 31, 2007	Change
Toys & Hobby	180,164	185,586	Decrease of 5,421	14,309	17,403	Decrease of 3,093
Amusement Facility	89,829	88,196	Increase of 1,633	1,631	4,004	Decrease of 2,372
Game Contents	145,672	139,187	Increase of 6,485	14,793	11,509	Increase of 3,283
Network	12,044	12,489	Decrease of 445	904	880	Increase of 24
Visual & Music Content	36,949	43,006	Decrease of 6,056	3,832	9,496	Decrease of 5,664
Other Businesses	19,809	20,900	Decrease of 1,090	753	1,017	Decrease of 264
Eliminations and Corporate	(23,997)	(30,234)	Increase of 6,236	(2,813)	(2,088)	Decrease of 725
Consolidated	460,473	459,132	Increase of 1,341	33,411	42,224	Decrease of 8,812

Toys & Hobby Business

In the Toys & Hobby Business, boys' toys based on the *Masked Rider Den-O* characters and girls' toys based on *YES! Pretty Cure 5* characters posted strong performances in Japan. However, results fell short of the prior fiscal year, when the business posted strong earnings fuelled by hit products including *Tamagotchi Plus series* and *DATA CARDDASS*.

Overseas, the *Power Rangers* and *Tamagotchi* series continued to perform steadily, mainly in America and Europe, while boys' toys featuring the characters from *BEN 10* gained popularity in Europe in addition to America.

As a result, net sales in the Toys & Hobby Business were 180,164 million yen (year-on-year decrease of 2.9%) and operating income was 14,309 million yen (year-on-year decrease of 17.8%).

Amusement Facility Business

In the Amusement Facility Business, the domestic market sales at existing facilities amounted to 94.1% of the figure for the prior fiscal year amid harsh market conditions, but large-scale facilities that opened in the previous and current fiscal years supplemented sales by performing well. Nevertheless, profits were dulled by struggling existing facilities and lower gross margins due to changes in the sales mix.

Overseas, sales in Europe were solid, particularly among hybrid facilities, but in America the impact of the sluggish market environment and costs associated with boosting prize category weighed down earnings in spite of the Group's efforts to streamline directly-managed facilities and expand revenue sharing facilities.

As a result, net sales in the Amusement Facility Business were 89,829 million yen (year-on-year increase of 1.9%) and operating income was 1,631 million yen (year-on-year decrease of 59.3%).

## Number of Facilities

Directly-Managed Facilities	Revenue-Sharing Facilities	Theme Parks	Spa Facilities	Total
408	1,320	5	3	1,736

### Game Contents Business

In the Game Contents Business, home video games, particularly *Ace Combat 6: Fires of Liberation* for Xbox360 and *Dragon Ball Z Sparking! METEOR* for PlayStation 2 and Wii, were promoted intensively worldwide. In addition, *SD Gundam G Generation Spirits* for PlayStation 2 performed well in the domestic market, while titles in the *NARUTO* and the *Dragon Ball Z* series delivered strong performances in America and in Europe, respectively.

Arcade game machines, particularly *Tekken 6* and *Wangan Midnight Maximum Tune 3*, were well received and repeat sales of machines released in the prior fiscal year contributed to earnings. Game contents for mobile phones and other mobile devices showed solid performance by developing a wide variety of contents catering to users' increasingly diverse preferences.

As a result, net sales in the Game Contents Business were 145,672 million yen (year-on-year increase of 4.7%) and operating income was 14,793 million yen (year-on-year increase of 28.5%).

### Network Business

In the Network Business, game contents within the mobile content sector tailored to users' needs from high value-added contents such as *Dragonball Mobile* to casual games such as the *Simple 100* series performed well. Although the ring tone services continued to struggle, the customizable wallpapers for mobile phones became popular, and the overall number of paid subscribers, which had been falling, turned to increase. In the solutions services sector, consignment work developing and operating mobile content sites for other companies generated strong revenues.

As a result, net sales in the Network Business were 12,044 million yen (year-on-year decrease of 3.6%) and operating income was 904 million yen (year-on-year increase of 2.7%).

### Visual & Music Content Business

In the Visual and Music Content Business, visual software packages including the animated TV series *CODE GEASS: Lelouch of the Rebellion* and music software packages from the animated TV series *Lucky Star* proved popular. Sales were launched of the Mobile Suit Gundam Memorial Box (the Movie Version) and Mobile Suit Gundam 00, the latest Gundam series, DVD packaged software. However, with the industry on the whole stagnant, sales of the Group's DVD software were sluggish. In addition, since some merchandise was returned at the year end in anticipation of the definitive shift to the Blu-ray Disc format in the near future, this sector faced difficult challenges.

As a result, net sales in the Visual and Music Content Business were 36,949 million yen (year-on-year decrease of 14.1%) and operating income was 3,832 million yen (year-on-year decrease of 59.6%).

### Other Businesses

Other Businesses consist of companies that provide support to the Group's strategic business units. Operations conducted by such companies include logistics, leasing, and building management. During the fiscal year under review, the business remained focused in its efforts to improve the operational efficiency of these group support services.

As a result of the foregoing, net sales in the Other Business were 19,809 million yen (year-on-year decrease of 5.2%) and operating income was 753 million yen (year-on-year decrease of 26.0%).

(iii) Capital Expenditures

In the fiscal year under review, the Group carried out 19,757 million yen in capital expenditures; the funds were mainly used for investments in amusement facilities/machines, and the manufacturing of molds for new products.

On March 28, 2008, Bandai Co., Ltd., a subsidiary of the Company, sold land it owned in Minami Aoyama, Minato-ku, Tokyo (with a book value of ¥4,000 million) to the Side Three Special Purpose Company.

(iv) Fundraising

On December 14, 2007, the Company arranged to borrow 16,000 million yen as funds for its tender offer for the shares of Bandai Networks Co., Ltd. and Bandai Visual Co., Ltd. It refinanced those funds on January 15, 2008.

On March 28, 2008, Bandai Co., Ltd., a subsidiary of the Company, redeemed 10,000 million yen in its sixth unsecured corporate bonds.

(v) Transfers of Businesses, Absorption-Type Company Splits, or Incorporation-Type Company Splits

Not applicable.

(vi) Acquisitions of Other Companies' Businesses

Not applicable.

(vii) Successions of Rights or Duties Related to the Businesses of Other Corporations, etc. due to Absorption-Type Mergers or Absorption-Type Company Splits.

Not applicable.

(viii) Acquisition and Disposal of Shares, Other Equities, and Stock Acquisition Rights in Other Companies

On May 1, 2007, Monolith Software Inc. ceased to be a subsidiary of the Company because a part of its shares held by NAMCO BANDAI Games Inc., a subsidiary of the Company, were sold to Nintendo Co., Ltd.

On November 30, 2007, Sunlink Co., Ltd. ceased to be a subsidiary of the Company because a part of its shares held by Bandai Co., Ltd., a subsidiary of the Company, were sold to Happinet Corporation.

As a result of the tender offer made from November 9 to December 10, 2007, and the share exchange on February 21, 2008, the Company acquired all outstanding shares in Bandai Networks Co., Ltd. and Bandai Visual Co., Ltd., and made them wholly owned subsidiaries.

On March 13, 2008, Yunokawa Kanko Hotel Co., Ltd. ceased to be a subsidiary of the Company following the sale of all outstanding shares held by NAMCO LIMITED, a subsidiary of the Company, to Study Co., Ltd.

(2) Status of Assets and Profit & Loss for the Previous Three Fiscal Years

Fiscal Year Classification	1st Fiscal Year (Year Ended March 31, 2006)	2nd Fiscal Year (Year Ended March 31, 2007)	3rd Fiscal Year (the Current Fiscal Year) (Year Ended March 31, 2008)
Net sales (¥ Million)	450,829	459,132	460,473
Recurring income (¥ Million)	37,122	45,615	36,198
Net income (¥ Million)	14,149	24,252	32,679
Net income per share	¥54.39	¥95.73	¥128.65
Total assets (¥ Million)	386,651	408,490	413,023
Net assets (¥ Million)	243,607	284,254	289,944
Net assets per share	¥961.36	¥1,063.29	¥1,127.72

(Notes) 1. The Company's first fiscal year is for the period from September 29, 2005 to March 31, 2006, but this consolidated fiscal year is for the period from April 1, 2005 to March 31, 2006.

2. "Net income per share" is calculated based on the average number of issued shares during the relevant fiscal year.
3. From the second fiscal year, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan (ASBJ) Statement No.5, December 9, 2005) and "Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005) are adopted.

(3) Important Parent Company and Subsidiaries

(i) Relationship with the Parent Company

Not applicable.

(ii) Important Subsidiaries

Name of Company	Capital	Ratio of Voting Rights	Description of Principal Business
Bandai Co., Ltd.	¥ 24,664 million	100.0%	Manufacturing and sales of toys and apparel, etc.
NAMCO LIMITED	¥ 10,000 million	100.0%	Management of amusement facilities, etc.
NAMCO BANDAI Games Inc.	¥ 15,000 million	100.0%	Planning, development and sales of home videogame software and arcade game machines, etc.
Bandai Networks Co., Ltd.	¥ 1,113 million	100.0%	Distribution service of mobile content, etc.
Bandai Visual Co., Ltd.	¥ 2,182 million	100.0%	Planning, production and sales of visual software, etc.
NAMCO BANDAI Holdings (USA) Inc.	US\$ 10	100.0%	Pure holding company in the U.S.
NAMCO Holdings UK LTD.	£ 24,500,000	100.0%	Pure holding company in some parts of Europe
BANDAI S.A.	€9,000,000	100.0%	Operating holding company in some parts of Europe. Import and sales of toys, etc.
BANDAI (H.K.) CO., LTD.	HK\$ 103,000,000	100.0%	Operating holding company in Asian region. Import, manufacturing and sales of toys, etc.

(Note) As a result of the tender offer made from November 9 to December 10, 2007, and the share exchange on February 21, 2008, the Company acquired all outstanding shares in Bandai Networks Co., Ltd., and in Bandai Visual Co., Ltd., and made them wholly owned subsidiaries.

#### (4) Issues to Be Addressed

The Group and this industry must address many important, long-term issues, including “the increasing diversification of consumer preferences” and “changes in the market and the environment”. In response, the Group is working to reinforce, enrich and expand its portfolio management further, based on the “Entertainment Hub Concept” laid out in its medium-term management plan. Operationally, the Group places “strategic business units” (“SBUs”) – i.e., groupings of businesses that the Group is engaged in - at its core, and is working to enrich its cross-functional capabilities across each of the SBUs.

##### (i) Common Issues Faced by All SBUs

###### Efforts toward Domestic Business Expansion

The Group will maximize utilization of the managerial resources that it owns—contents, technologies, and locations—to create new markets and attract new customer segments for the expansion of its domestic operations. The synergies developed among its SBUs, the use of M&A, and alliances with outside partners will further contribute to the expansion of its operations. In addition, in response to the changing environment surrounding the entertainment industry, the Group will also engage in building new business models free from the constraints imposed by existing business practices and models.

###### Efforts toward Overseas Business Expansion

The Group is examining ways to build the optimal business model and strengthening cooperation among regions for the expansion of operations overseas. In addition, we have established the regional holdings companies in America, Europe, and Asia, and are working to expand well-balanced operations according to regional characteristics.

###### Efforts toward Corporate Social Responsibility (CSR)

The Group's corporate philosophy is to provide “Dreams, Fun and Inspiration” to people around the world through entertainment based on creativity and boundless enthusiasm. To ensure that we can continue to provide “Dreams, Fun and Inspiration,” we have formulated Groupwide CSR initiatives that include three types of responsibilities.

In accordance with these fundamental principles, a range of measures are implemented by the Groupwide CSR Committee and its sub-committees—the Social Contribution Committee and the Environmental Project Committee—as well as by the Crisis Management Committee, the Compliance Committee and the Internal Control Committee.

- Environmental and social responsibilities (safety/quality, environmental conservation, cultural/social support activities)

Safety / quality initiatives

We follow industry standards and in-house standards, and we have built a system that facilitates the achievement of higher levels of safety and quality, so that customers can use our products with confidence.

Environmental conservation initiatives

We are aggressively implementing forward-looking environmental conservation measures to ensure that we can continue to provide “Dreams, Fun and Inspiration” to people around the world.

Cultural / social support activities

We are also active in areas outside the provision of products and services, such as museum operations and volunteer activities.

- Economic initiatives

We are continually working to enhance management transparency and monitoring the management plans and conditions of Group companies. Moreover, we are working to provide maximum returns to society and stakeholders by selecting the optimal operational fields for Group development and focusing our management resources on those fields.

- Legal and ethical responsibilities (compliance)

We have formulated basic compliance standards for Group companies, officers, and employees in Japan and overseas, and we conduct continual monitoring to ensure appropriate observance of legal and ethical standards.

(ii) Issues Specific to Each SBU

Toys and Hobby SBU

This unit’s industry is facing a “shrinking domestic market due to the falling birthrate” and “diversifying consumer needs”. It is addressing those challenges by expanding its target population segment and creating new businesses, in addition to enhancing its toy business, a core business of the unit in Japan, as well as actively expanding operations in overseas markets. For speedy implementation of its plans, this unit will also actively build cooperative relationships with outside partners.

Amusement Facility SBU

“Changes in business revenue structures”, “diversifying consumer needs”, and “revision of consumption tax rate” are among the issues for this unit’s industry. To address them, this unit is working to enhance profitability by closing unprofitable facilities, reviewing its standards for opening and closing facilities, and working in conjunction with other SBUs to develop and provide highly valued-added, distinctive facilities and services that target a broad range of customer segments. The Amusement Facility SBU is also working proactively to develop overseas operations depending on the regional characteristics.

### Game Contents SBU

This unit's industry is facing issues such as "changing consumer needs" and "soaring content development costs for higher performance platforms". In response, this unit is reviewing and revising the content development process through sharing know-how and technologies among the amusement machines, home video game software, and mobile content businesses, to build a flexible development system. Those initiatives will enable the Game Contents SBU to develop the optimal number of titles across each platform and to respond swiftly to changing customer needs.

### Network SBU

The issues for this unit's industry include "responding to the continuous evolutions of new technology and function for mobile phone handsets" as well as "responding to a broader and more highly evolved network environment". In regards to these issues, the Group will aggressively plan and develop attractive new content while reinforcing our B to B business by developing and innovating new technologies. In addition, as competition in the industry grows fiercer, we will facilitate cooperation within the Group to create a solid foundation for income and achieve the optimal allocation of management resources to new growing businesses.

### Visual & Music Content SBU

This industry's issues include the "changes of content business toward emergence of next-generation media," "adaptation to the Blu-ray Disc format," and "enhancing overseas development". In order to respond to these problems, the Group strives to maximize the value of its content and foster cross-media strategies. In concrete terms, we focus our attention on the creation of superior content, as well as the expansion into music / publishing content development, in order to increase business opportunities. Furthermore, we will be constructing new business models by developing both Blu-ray Disc offerings and networks simultaneously in the world and we will be assessing the most suitable group organization structure to meet such models.

We ask for our shareholders' continued assistance and guidance.

(5) Description of the Principal Businesses

Business Segment	Description of Business
Toys & Hobby Business	Manufacturing and sales of toys, candy-toys, vending machines capsule products, cards, plastic models, apparel, sundries, stationeries, etc.
Amusement Facility Business	Operation of amusement facilities and spa facilities, etc.
Game Contents Business	Planning, development and sales of software for home game consoles / arcade game machines, and prizes for amusement machines, etc.
Network Business	Distribution service of mobile content, etc.
Visual & Music Content Business	Planning, production and sales of visual contents and package software, on demand visual distribution, etc.
Other Businesses	Transportation and storage of products, leasing, management of real estate, printing, development and sales of environmental equipment, etc.

(6) Principal Business Offices of the Group

(i) The Company

Head Office	2-16-2 Konan, Minato-ku, Tokyo
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(ii) Principal Subsidiaries

Toys & Hobby Business

Bandai Co., Ltd.	Head Office	1-4-8 Komagata Taito-ku, Tokyo
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Amusement Facility Business

NAMCO LIMITED	Head Office	2-8-5 Tamagawa Ota-ku, Tokyo
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Note: The number of facilities includes 276 directly managed facilities, 77 revenue-sharing facilities, and 4 theme parks.

Game Contents Business

NAMCO BANDAI Games Inc.	Head Office	4-5-15 Higashi Shinagawa Shinagawa-ku, Tokyo
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Note: To improve performance by making operations even more efficient, boosting productivity, and making communications more lively, the company combined six office buildings and other bases into a single site and moved its head office to the address indicated above as of June 21, 2007.

Network Business

Bandai Networks Co., Ltd.	Head Office	1-6-1 Higashi-shimbashi Minato-ku, Tokyo
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Visual & Music Content Business

Bandai Visual Co., Ltd.	Head Office	1-9-2 Higashi-shimbashi Minato-ku, Tokyo
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Overseas

NAMCO BANDAI Holdings (USA) Inc.	Head Office	California, U.S.A.
NAMCO Holdings UK LTD.	Head Office	London, U.K.
BANDAI S.A.	Head Office	Cergy - Pontoise, France
BANDAI (H.K.) CO., LTD.	Head Office	Central, Hong Kong

(7) Outline of Employees

(i) Employees of the Group

Business Segment	Number of Employees		Increase (Decrease) from Previous Fiscal Year	
Toys & Hobby Business	2,005	(1,843)	Decrease of 54	(Decrease of 640)
Amusement Facility Business	1,597	(6,219)	Decrease of 151	(Increase of 175)
Game Contents Business	2,524	(316)	Increase of 47	(Decrease of 24)
Network Business	132	(38)	Increase of 5	(—)
Visual & Music Content Business	254	(18)	Increase of 24	(Increase of 6)
Other Businesses	396	(297)	Decrease of 8	(Decrease of 30)
Corporate (Common)	40	(—)	Increase of 4	(Decrease of 1)
Total	6,948	(8,731)	Decrease of 133	(Decrease of 514)

- (Notes) 1. The number of employees refers to the employees actually at work.  
2. The numbers in parentheses are the average numbers of temporary personnel employed for this consolidated accounting period.  
3. The number of employees listed for "Corporate (Common)" is the number of administration sector, etc. of the Company and NAMCO BANDAI Holdings (USA) Inc.

(ii) Employees of the Company

Number of Employees	Change from Previous Fiscal Year	Average Age	Average Years of Service
35	Increase of 3	37.9	10.0

- (Notes) 1. The number of employees refers to the employees actually at work.  
2. The calculation for average years of service includes the total years of service at their respective companies for employees who transferred from Bandai Co., Ltd. or NAMCO LIMITED to the Company.

(8) Principal Lender

Lenders	Amount
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥8,000 (million)
Mizuho Corporate Bank, Ltd.	¥3,500 (million)
Sumitomo Mitsui Banking Corporation	¥3,500 (million)
Mitsubishi UFJ Trust and Banking Corporation	¥1,000 (million)

(9) Other Important Matter of the Group

Not applicable.

## 2. Current Status of the Company

### (1) Status of Stock

- (i) Total Number of Shares Issuable: 1,000,000,000 shares
- (ii) Total Number of Issued Shares: 256,080,191 shares (decrease of 4,500,000 shares from the end of the previous fiscal year)

(Note) The decrease in the number of issued shares during this fiscal year resulted from the cancellation of treasury stocks as of June 20, 2007.

- (iii) Number of Shareholders: 35,821  
(increase of 6,128 from the end of the previous fiscal year)

### (iv) Major Shareholders (Top 10 Shareholders)

Name of Shareholders	Investment in the Company	
	Number of Shares Held	Percentage of Voting Rights (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	21,134,124	8.30
Northern Trust Company (AVFC) Sub-account American Client	17,193,200	6.75
Masaya Nakamura	14,360,000	5.64
Japan Trustee Services Bank, Ltd. (Trust account)	12,170,044	4.78
MAL Ltd.	10,010,100	3.93
Silchester International Investors International Value Equity Trust	8,208,300	3.22
Sanka Ltd.	7,168,000	2.81
State Street Bank and Trust Company	5,056,607	1.99
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100	1.80
Morgan Stanley & Co. Inc	4,506,574	1.77

(Notes) 1. Percentage of voting rights is calculated after reduction of treasury stocks (1,371,202 shares)

2. Out of the above number of shares held, the numbers of shares related to the trust business are as follows:

The Master Trust Bank of Japan, Ltd. (Trust account)	19,276,024 shares
Japan Trustee Services Bank, Ltd. (Trust account)	11,960,844 shares
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100 shares

3. The 4,586,100 shares owned by The Nomura Trust and Banking Co., Ltd. (retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account) were the shares of Bandai Co., Ltd., that were owned by UFJ Bank (now the Bank of Tokyo-Mitsubishi UFJ, Ltd.), trusted for retirement and severance benefits. Those shares were exchanged with the Company's shares through the share transfer upon the September 29, 2005, and The Bank of Tokyo-Mitsubishi UFJ directs the exercise the voting rights pertaining to those shares.

(2) Stock Acquisition Rights, etc.

(i) Stock Acquisition Rights Held by Company Directors That Were Delivered as a Consideration for the Execution of Their Duties

A. Stock Acquisition Rights as per Resolutions Made at the 1st Ordinary General Meeting of Shareholders Held on June 26, 2006 and the Board of Directors' Meetings Held on June 28, 2006 and July 18, 2006.

a. Number of Stock Acquisition Rights

1,263 (100 shares per stock acquisition right)

b. Number of Shares Underlying Stock Acquisition Rights

126,300 shares

c. Amount Paid for the Issuance of Stock Acquisition Right

No requirement to make payment.

d. Value of the Property to Be Contributed at the Time of Exercising Stock Acquisition Rights

¥100 per stock acquisition right (¥1 per share)

e. Period during Which Stock Acquisition Rights Can Be Exercised

From July 10, 2009 to June 30, 2014

f. Conditions for Exercising Stock Acquisition Rights

- After stock acquisition rights are allocated, if the Company's stock price growth rate up to the start of the period for exercising those rights does not exceed the TOPIX (Tokyo Stock Price Index) growth rate, then those stock acquisition rights cannot be exercised. The Company's stock price growth rate shall be calculated as the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the starting date for the period for exercising the stock acquisition rights falls (except if there is no trading) divided by the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the allotment date falls (except if there is no trading). The TOPIX growth rate is calculated in the same way as the Company's stock price growth rate.
- The stock acquisition right holders may also exercise such rights even after they cease to be Directors.
- If a stock acquisition right holder passes away, his or her heir (limited to one individual) shall exercise those rights. However, the heir cannot possess and exercise the corresponding rights beyond the period for exercising those rights.
- The transfer, pledge or any other disposal of stock acquisition rights is not allowed.

g. Stock Acquisition Rights Held by Directors and Corporate Auditors

	Number of Stock Acquisition Rights	Number of Shares Underlying Stock Acquisition Rights	Number of Holders
Directors (excluding Outside Directors)	1,263	126,300	8
Outside Directors	—	—	—
Corporate Auditors	—	—	—

B. Stock Acquisition Rights as per Resolutions Made at the 2nd Ordinary General Meeting of Shareholders Held on June 25, 2007 and the Board of Directors' Meetings Held on the Same Day and July 18, 2007.

a. Number of Stock Acquisition Rights

926 (100 shares per Stock Acquisition Right)

b. Number of Shares Underlying Stock Acquisition Rights

92,600 shares

c. Amount Paid for the Issuance of Stock Acquisition Right

No requirement to make payment.

d. Value of the Property to Be Contributed at the Time of Exercising Stock Acquisition Rights

¥100 per stock acquisition right (¥1 per share)

e. Period during Which Stock Acquisition Rights Can Be Exercised

From July 10, 2010 to June 30, 2015

f. Conditions for Exercising Stock Acquisition Rights

- After stock acquisition rights are allocated, if the Company's stock price growth rate up to the start of the period for exercising those rights does not exceed the TOPIX (Tokyo Stock Price Index) growth rate, then those stock acquisition rights cannot be exercised. The Company's stock price growth rate shall be calculated as the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the starting date for the period for exercising the stock acquisition rights falls (except if there is no trading) divided by the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the allotment date falls (except if there is no trading). The TOPIX growth rate is calculated in the same way as the Company's stock price growth rate.
- The stock acquisition right holders may also exercise such rights even after they cease to be Directors.
- If a stock acquisition right holder passes away, his or her heir (limited to one individual) shall exercise those rights. However, the heir cannot possess and exercise the corresponding rights beyond the period for exercising those rights.
- The transfer, pledge or any other disposal of stock acquisition rights is not allowed.

g. Stock Acquisition Rights Held by Directors and Corporate Auditors

	Number of Stock Acquisition Rights	Number of Shares Underlying Stock Acquisition Rights	Number of Holders
Directors (excluding Outside Directors)	926	92,600	6
Outside Directors	—	—	—
Corporate Auditors	—	—	—

(ii) Stock Acquisition Rights Delivered to Employees etc. as a Consideration for the Execution of Their Duties in This Fiscal Year

A. Stock Acquisition Rights as per Resolutions Made at the 2nd Ordinary General Meeting of Shareholders Held on June 25, 2007 and the Board of Directors' Meetings Held on the Same Day and July 18, 2007.

a. Number of Stock Acquisition Rights

2,681 (100 shares per Stock Acquisition Right)

b. Number of Shares Underlying Stock Acquisition Rights

268,100 shares

c. Amount Paid for the Issuance of Stock Acquisition Rights

No requirement to make payment.

d. Value of the Property to Be Contributed at the Time of Exercising Stock Acquisition Rights

¥100 per stock acquisition right (¥1 per share)

e. Period during Which Stock Acquisition Rights Can Be Exercised

From July 10, 2010 to June 30, 2015

f. Conditions for Exercising Stock Acquisition Rights

- The annual target of business performance and evaluation period (3 years from the time of the issuance of rights to the time it is possible to exercise those rights) shall be determined, with the sales and operating income, etc. of the strategic business unit – to which persons to whom stock acquisition rights were allotted (hereinafter referred to as “Stock Acquisition Right Holder(s)”) belongs at the time of issuance of the stock acquisition rights – used as the evaluation index. The ratio of achievement of that target shall be measured for each fiscal year during that evaluation period. If the ratio of achievement at the end of evaluation period is above 50% on average during the evaluation period, those rights may be exercised.

However, even if the ratio of achievement is above 50% on average during the evaluation period, the number of shares that can be acquired by exercising those rights shall be based on a ratio equivalent to the average ratio of achievement (maximum of 100%).

- Stock Acquisition Right Holders may also exercise such rights in the event that they cease to be Directors.
- If Stock Acquisition Right Holder passes away, his or her heir (limited to one individual) shall exercise those rights. However, the heir cannot possess and exercise the corresponding rights beyond the period for exercising those rights.
- The transfer, pledge or any other disposal of stock acquisition rights is not allowed.

g. Stock Acquisition Rights Delivered to Employees etc. of the Company

	Number of Stock Acquisition Rights	Number of Shares Underlying Stock Acquisition Rights	Claiming Employees
Directors of Subsidiaries	2,681	268,100	85

B. Stock Acquisition Rights as per Resolutions Made at the 1st Ordinary General Meeting of Shareholders Held on June 26, 2006 and the Board of Directors' Meetings Held on March 23 and April 18, 2007.

- a. Number of Stock Acquisition Rights  
5,830 (100 shares per Stock Acquisition Right)
- b. Number of shares Underlying Stock Acquisition Rights  
583,000 shares
- c. Amount paid for the Issuance of Stock Acquisition Rights  
No requirement to make payment.
- d. Value of the Property to Be Contributed at the Time of Exercising Stock Acquisition Rights  
¥189,500 per stock acquisition right (The amount of payment per share is ¥1,895)
- e. Period during Which Stock Acquisition Rights Can Be Exercised  
From April 1, 2009 to June 30, 2010
- f. Conditions for Exercising Stock Acquisition Rights
  - Persons to whom stock acquisition rights were allotted (hereinafter referred to as "Stock Acquisition Right Holder(s)") must be an employee of the Company or of its Group Companies at the time those rights are exercised.
  - If the Stock Acquisition Rights Holder leaves the Company or its Group companies due to his or her own personal reasons, that person may possess and exercise the corresponding rights only up to 6 months from the time of leaving. However, he or she may not possess and exercise the corresponding rights beyond the period for exercising those rights. If that person leaves upon the company's request or for any other reason that the company believes to be appropriate, those rights and the period for exercising those rights shall remain unchanged.
  - If Stock Acquisition Rights Holder passes away, his or her heir (limited to one individual) shall exercise those rights. In this case, that heir may possess the allotted stock acquisition rights and exercise those rights only for 6 months from the passing of the Stock Acquisition Rights Holder (6 months from the start of the period for exercising stock acquisition rights if the Stock Acquisition Right Holder passes away prior to the beginning of that period). However, the heir cannot possess and exercise the corresponding rights beyond the period for exercising those rights.
  - The transfer, pledge or any other disposal of stock acquisition rights is not allowed.
- g. Stock Acquisition Rights Held by Employees etc. of the Company

	Number of Stock Acquisition Rights	Number of Shares Underlying Stock Acquisition Rights	Claiming Employees
Subsidiary Employees	5,830	583,000	231

(Note) Other than the above, 18,380 stock acquisition rights with 1,838,000 shares underlying were delivered to 603 subsidiary employees on July 18, 2006 as per resolutions made at the Board of Directors' Meeting held on June 28, 2006 and July 18, 2006.

(3) Directors and Corporate Auditors of the Company

(i) Directors and Corporate Auditors

Title	Name	Responsible Area and Status of Representation of Other Legal Entities, Etc.
President and Representative Director	Takeo Takasu	Chairman of The Japan Toy Association
Director	Masahiro Tachibana	Responsible for Corporate Planning Department
Director	Masaatsu Hayakawa	Responsible for Overseas and Affiliated Companies, Corporate Administration, General Affairs, and Legal Affairs
Director	Kazunori Ueno	Responsible for Toys and Hobby SBU President and Representative Director of Bandai Co., Ltd.
Director	Jun Higashi	Responsible for Amusement Facility SBU President and Representative Director of NAMCO LIMITED
Director	Shukuo Ishikawa	Responsible for Game Contents SBU President and Representative Director of NAMCO BANDAI Games Inc.
Director	Satoshi Oshita	Responsible for Network SBU President and Representative Director of Bandai Networks Co., Ltd.
Director	Kazumi Kawashiro	Responsible for Visual and Music Content SBU President and Representative Director of Bandai Visual Co., Ltd.
Director	Masatake Yone	Attorney-at-Law. Partner of Mori Hamada and Matsumoto Law Firm
Director	Kazuo Ichijo	Professor in the Graduate School of International Corporate Strategy (ICS), Hitotsubashi University
Standing Corporate Auditor	Koichiro Honma	
Standing Corporate Auditor	Katsutoshi Hirasawa	
Corporate Auditor	Osamu Sudo	Attorney-at-Law. Partner of Sudo and Takai Law Office
Corporate Auditor	Kouji Yanase	Attorney-at-Law. Partner of Marunouchi-Chuo Law Office

- (Notes)
1. Director Mr. Masatake Yone and Director Mr. Kazuo Ichijo are Outside Directors.
  2. Corporate Auditor Mr. Osamu Sudo and Corporate Auditor Mr. Kouji Yanase are Outside Corporate Auditors.
  3. Standing Corporate Auditor Mr. Katsutoshi Hirasawa was engaged in financing and accounting activities at the Accounting Department of Bandai Co., Ltd., after he was employed at the Administration Department of Shizuoka Plant of Bandai Co., Ltd., where he was engaged in administration jobs such as accounting, general affairs and so on. Thus, he maintains deep knowledge on financing and accounting.
  4. Corporate Auditor Mr. Osamu Sudo has considerable experience with bankruptcy issues as an attorney and has the deep knowledge of finance and accounting necessary to engage in them.
  5. Director Mr. Jun Higashi resigned as President and Representative Director of NAMCO LIMITED at the end of March 31, 2008. Director Mr. Masahiro Tachibana replaced Mr. Jun Higashi as President and Representative Director of NAMCO LIMITED as of April 1, 2008.

(ii) Retired or Dismissed Directors and Corporate Auditors During This Fiscal Year

Not applicable.

(iii) Amount of Remuneration etc. Paid to Directors and Corporate Auditors

	Number of People	Amount Paid
Directors (Outside Directors)	6 (2)	¥395 million (¥32 million)
Corporate Auditors (Outside Corporate Auditors)	4 (2)	¥65 million (¥21 million)
Total (Outside Directors and Outside Corporate Auditors)	10 (4)	¥461 million (¥54 million)

- (Notes)
1. There are no employees serving as Directors.
  2. At the 1st Ordinary General Meeting of Shareholders held on June 26, 2006, the remuneration limit for Directors was set at ¥700 million per fiscal year, of which ¥350 million was set as the limit for base remuneration and the remaining ¥350 million was set as the limit for cash bonus. In addition to that, at the 2nd Ordinary General Meeting of Shareholders held on June 25, 2007, it was approved that Directors are granted stock acquisition rights (stock option) of up to ¥210 million annually as remuneration.
  3. At the General Meetings of Shareholders for Bandai Co., Ltd. and NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) held on June 23, 2005 and on June 25, 2005 respectively, it was resolved that the total amount of remuneration for Corporate Auditors is no more than ¥8 million per month.
  4. Amount paid includes the followings.
    - Directors' bonus reserve for current fiscal year 3 Directors ¥37million  
(Excluding Outside Directors and Part-time Directors)
    - Remuneration amounts from stock acquisition rights (stock options) 6 Directors ¥175million  
(Stock acquisition rights (stock options) are not granted to Directors who concurrently served as representative directors of listed companies Outside Directors and Corporate Auditors.)

(iv) Outside Directors and Outside Corporate Auditors

- A. Concurrent Posts with Other Companies (When Serving as an Operating Officer for Another Company) and Relationship Between the Company and Other Companies  
Not applicable
- B. Concurrent Outside Directors or Outside Corporate Auditors of Other Companies
  - Director Masatake Yone is an Outside Director of GCA Savvian Corporation and Outside Corporate Auditor of THK CO., LTD.
  - Director Kazuo Ichijo is an Outside Director of Shimano, Inc. and an Outside Corporate Auditor of Information Services International Dentsu, Ltd.
  - Corporate Auditor Osamu Sudo is an Outside Corporate Auditor of NAMCO LIMITED and an Outside Director of TANAKA HYDRAULIC MACHINERY WORKS CO., LTD.

(Note) He resigned from his position as an Outside Director of TANAKA HYDRAULIC MACHINERY WORKS CO., LTD., as of March 31, 2008.

C. Main Activities in This Fiscal Year

- Status of Attendance at Board of Directors' and Board of Corporate Auditors' Meetings

	Board of Directors' Meetings (held 24 times)		Board of Corporate Auditors' Meetings (held 8 times)	
	The Number of Meetings Attended	Attendance Rate	The Number of Meetings Attended	Attendance Rate
Director Masatake Yone	19	79.2%	—	—
Director Kazuo Ichijo	18	75.0%	—	—
Corporate Auditor Osamu Sudo	21	87.5%	8	100.0%
Corporate Auditor Kouji Yanase	22	91.7%	8	100.0%

- Statements Made at Board of Directors' Meetings and Board of Corporate Auditors' Meetings

Director Masatake Yone provides advice and proposals primarily from his position as an attorney to ensure the appropriateness and validity of decisions of Board of Directors.

Director Kazuo Ichijo provides advice and proposals primarily from his position as a graduate school professor specializing in organizational theory to ensure the appropriateness and validity of decisions of Board of Directors.

Corporate Auditor Osamu Sudo provides advice and proposals primarily from his position as an attorney to ensure the appropriateness and validity of decisions of Board of Directors and Board of Corporate Auditors.

Corporate Auditor Kouji Yanase provides advice and proposals primarily from his position as an attorney to ensure the appropriateness and validity of decisions of Board of Directors and Board of Corporate Auditors.

- D. Summary of Contracts Concerning Limited Liability

Not applicable.

(4) Accounting Auditors

(i) Name: KPMG AZSA & Co.

(ii) Amount of Remuneration etc.

	Amount Paid
Amount of Remuneration, Etc. to Accounting Auditors for This Fiscal Year	¥58 million
Total in Money and Other Financial Benefit To Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥118 million

(Notes) 1. NAMCO LIMITED, NAMCO BANDAI Games Inc., Bandai Networks Co., Ltd., Bandai Visual Co., Ltd., NAMCO Holdings UK LTD., BANDAI S.A. and BANDAI (H.K.) CO., LTD. , which are ones of major subsidiaries of the Company, are audited by an audit corporation other than the Company's Accounting Auditor.

2. Under the audit agreement between the Company and its Accounting Auditors, there is no clear distinction between the total amount of remuneration, etc. for audits under the Companies Act and that under the Financial Instruments and Exchange Act; furthermore, it is practically impossible to make such distinction. Therefore, the amount of remuneration, etc. for this fiscal year described in the above is the total amount of remuneration, etc. for these audits.

(iii) Non-Auditing Operations

The Company entrusts "advisory service for establishing an internal control assessment system regarding financial reports", a business other than those businesses stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Act, to the Accounting Auditor and pays consideration thereof.

(iv) Policy on Removal or Non-Renewal of an Accounting Auditor

In the event that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, in principal, the Board of Corporate Auditors will, remove an Accounting Auditor on unanimous approval of Corporate Auditors'.

Additionally, in the event that the Board of Corporate Auditors judges Accounting Auditor's behavior caused a material impediment to the audit operations of the Company, it will request the Board of Directors to present the proposal for the removal or non-renewal of the Accounting Auditor at a General Meeting of Shareholders, as prescribed in Article 344, Paragraph 2 of the Companies Act - even if the Accounting Auditor does not fall under any of the items of Article 340, Paragraph 1 of the Companies Act.

Under these circumstances, the Board of Directors will be responsible for proposing such agenda to the General Meeting of Shareholders. Moreover, if the Board of Directors finds it necessary because of an impediment caused by the execution of the duties of the Accounting Auditor, etc., it will, having received the approval of the Board of Corporate Auditors, present the proposal for removal or non-renewal of the Accounting Auditor at a General Meeting of Shareholders, as prescribed in Article 344, Paragraph 1 of the Companies Act.

(v) Summary of Contracts Concerning Limited Liability  
Not applicable.

(5) System for Ensuring the Properness of Operations

The following outlines decisions regarding systems to ensure that the execution of the duties by Directors complies with the laws and regulations and the Articles of Incorporation, and the properness of the Company's operations.

- (i) System to Ensure That the Execution of the Duties by Directors Complies with Laws and Regulations, and the Articles of Incorporation.
- The Group establishes the Group Compliance Charter and BANDAI NAMCO Group Rules for Executives, so that the Directors of the Group companies always exercise care to conduct business legally and fairly. Group company presidents must submit declarations of intent to comply with the Group Compliance Charter.
  - The Group establishes regulations concerning compliance as an integral part of regulations concerning Group management. The Bandai Namco Group as a whole has a system to ensure that laws and regulations, ethical principles and in-house regulations are complied with and implemented appropriately.
  - A member of the Board of Directors is put in charge of compliance and is responsible for supervision of compliance overall. Should violations of compliance or suspicions thereof occur within the Group, a compliance committee is established immediately to discuss and decide how the issue should be handled.
  - Compliance regulations have been put in place, ensuring that the Corporate Auditors hotline can be used to report directly to the Corporate Auditor in the case of violations of the law or the possibility of such a violation.
  - A project is underway to implement internal control systems of the Group to be more effective with a focus on effectiveness and efficiency in business operations, the reliability of financial reports and compliance with the relevant laws and regulations.
- (ii) System for Preserving and Managing Information Related to Directors' Execution of Their Duties
- Regulations concerning information security have been put in place as part of the regulations governing Group management. These regulations develop a system to ensure appropriate safekeeping and preservation of information.
  - Regulations concerning document management have been put in place, ensuring the centralized collection and management of minutes of several kinds of meetings, contracts and other documents, and appropriate safekeeping and managing approval documents and other important documents in each department. This system ensures that Directors may peruse those documents at any time.
- (iii) Regulations Concerning Risk Management and Other Systems
- Regulations concerning risk management and compliance have been put in place and are operating as an integral part of regulations governing Group management. Throughout the Group we are working to prevent risk and to discover factors creating risk as rapidly as possible, and respond to risk quickly and in a manner appropriate to the level of risk in question when risk arises, thus aiming to minimize the impact of risk on our business.
  - The Company has appointed a member of the Board of Directors in charge of risk, and is improving a risk management system to gather and analyze risk-related information. Should risks or the possibility of risk occur inside the Group, the matter is immediately reported to the Company's President and Representative Director, who forms a Crisis Management Committee to discuss and decide the Group's response.
  - Compliance regulations have been put in place, ensuring that the Corporate Auditors hotline can be used to report directly to the Corporate Auditors in the case of violations of the laws and regulations or the possibility of such a violation.
- (iv) Systems to Ensure That Directors Execute Their Duties Efficiently
- To promote greater efficiency in group business operations, subsidiaries are grouped into SBUs. Medium-term Management Plan and annual budgets are determined for

each SBU and the Group as a whole, and each Director in charge of each SBU is responsible for the efficient execution of the SBU businesses.

- The Company establishes the Management Strategy Committee, Group Strategy Committee, and meetings including Waigaya-Kai at which regular members of the Board of Directors and important employees exchange their opinions, ensuring the system for report inside the Group and decision making. Performance management regulations, organizational regulations, regulations concerning division of duty, regulations concerning operating authority, and regulations concerning the managerial decision, etc. define the authority and scope of responsibility of each member of the Board of Directors and design a system to ensure efficient execution of their work duties.
  - The Group has restructured the roles of its overseas holding companies, creating a system that ensures more efficient execution of business operations by each SBU.
  - A project is underway to implement internal control systems of the Group to be more effective, with a focus on effectiveness and efficiency in business operations, the reliability of financial reports and compliance with the relevant laws and regulations.
- (v) Systems to Ensure That Employees Execute Their Duties in Compliance with the Laws and Regulations and the Articles of Incorporation
- Organizational regulations, regulations concerning division of duty, regulations concerning operating authority, and regulations concerning the managerial decision, etc. have been put in place to clarify the responsibilities and authority of employees. These regulations create a system that ensures that employees will perform their duties in accordance with laws and regulations and the Articles of Incorporation.
  - A Group emergency communication network has been established, allowing risk-related information, including reports of violations of the laws and regulations or the possibility of such a violation, to be reported promptly to the President and Representative Director.
  - Compliance regulations have been put in place, ensuring that Corporate Auditors hotline can be used to report directly to the Corporate Auditors in the case of violations of the laws and regulations or the possibility of such a violation.
  - When a report is received, it is immediately transmitted to the President and Representative Director, who forms the Compliance Committee to discuss and decide on the response of the Bandai Namco Group.
- (vi) Systems to Ensure Appropriate Business Behavior by Parent and Subsidiary Companies that Comprise the Business Group
- A Group Compliance Charter has been put in place to ensure that all officers and employees of the Group behave as they should in the conduct of business. Presidents of Group companies are required to sign declarations of intent to abide by the Group Compliance Charter. Moreover, to enforce the Group Compliance Charter throughout the Group, a guidebook called the Compliance Book has been issued and distributed to all officers and employees in the Group.
  - Regulations concerning compliance, risk management, performance management and information security management-related regulations, etc. are included in the Group management regulations to ensure proper performance of business responsibilities throughout the Group.
  - To promote greater efficiency in Group operations, group businesses are segmented with separate SBUs for each category. The Company has put in place a system headed primarily by each Director in charge of each SBU, to ensure close communication, including appropriate guidance and advice, etc. as necessary, among all Group

companies.

- Should violations of the laws and regulations or the possibility of such a violation occur within the Group, that is immediately reported to the President and Representative Director of the Company in question. The Company will ensure the system to discuss and decide the response through the Compliance Committee ; in addition, the management system within the Company is periodically reviewed to prevent repeat occurrence of similar problems, and the Company tries to develop a training system for all officers and employees in the Group.
- (vii) Concerning Assignment of Employees if the Corporate Auditors Request Employees to Assist in Their Work
- The Board of Corporate Auditors' regulations clearly specify in writing and the Board of Directors has adopted a resolution to that effect that the Corporate Auditors may request the Representative Director to assign employees to assist the Corporate Auditors in carrying out their duties.
- (viii) Concerning the Independence from the Directors of the Employees Mentioned in (vii) Above
- Concerning the handling of any personnel issues of the employees in question, the Board of Corporate Auditors' regulations clearly specify in writing and the Board of Directors has adopted a resolution to that effect that the Directors and Corporate Auditors must discuss the matter in advance.
- (ix) Systems for Reports to the Corporate Auditors, Including Reports Made by Directors and Other Employees
- Directors and other employees must promptly report to the Board of Corporate Auditors any matters prescribed by the laws and regulations, matters likely to have a major impact on the Company and the Group company, and matters related to the current status of internal audits and to compliance.
  - Compliance regulations have been put in place, ensuring that the Corporate Auditors hotline can be used to report directly to the Corporate Auditors in the case of violations of the laws and regulations or the possibility of such a violation.
  - Directors make regular reports to the Board of Directors on the current state of construction and operations of internal control systems.
  - Besides meetings of the Board of Directors, Corporate Auditors also participate in the Management Strategy Committee, Group Strategy Committee, other important Group meetings and meetings of the Boards of Directors of principal subsidiary companies, and have regular meetings with members of the Board of Directors and important employees to confirm the current state of affairs of the Company, receive reports, exchange opinions, and so on.
- (x) Other Systems to Ensure the Effectiveness of Audits Conducted by the Corporate Auditors
- Besides establishment of the Board of Corporate Auditors Rules, audit standards for Corporate Auditors, standards for audits of internal control systems and audit plans, allocation of duties of Corporate Auditors is made, and Corporate Auditors ensure efficient audits by regularly meeting with the Board of Directors and important employees, auditing important documents, and communicating with the Internal Auditing Division and Accounting Auditors on an on-going basis.
  - Besides participating in meetings of the Board of Directors, Corporate Auditors also participate in Management Strategy Committee, Group Strategy Committee, other important Group meetings and meetings of the Boards of Directors of principal

subsidiary companies, with the aim of strengthening audits of the subsidiaries.

- The Bandai Namco Group Board of Corporate Auditors holds regular meetings and workshops aimed at improving the quality of audits. At these meetings, directions, etc. for audits are announced, the current status of audits are verified, reports are received and other matters are discussed, with the aim of improving the effectiveness of audits for the Group as a whole.

## (6) Basic Policy Concerning Control of the Company

### (i) Content of Basic Policy

#### The Group Value

Guided by our vision of becoming "The World's Most Inspiring Entertainment Group," the Group mission is to offer "Dreams, Fun and Inspiration" to people around the world.

Emerging victoriously in the global competition of the fast-changing world of entertainment requires not only construction of a solid management foundation but also the ability to create entertainment constantly predicting the changes of times and environments. This ability is closely linked to raising the value of the Group.

Therefore, in determining what and how a person controlling decisions on the financial and business policies should be, the Company should take the enhancement of the corporate value into account.

#### What And How a Person Controlling Decisions on the Financial And Business Policies Should Be

We believe that a person controlling decisions on the financial and business policies should be the one who sufficiently understands the importance of our managerial vision and mission, the managing resources, such as content that supports the accomplishment of that vision and mission, and the importance of various stakeholders related to the Company, and who maximizes the mid-to-long term corporate value and shareholders' common interest.

Therefore, we believe in the event that someone who attempts to acquire large quantities of the Company's shares falls under any of the followings and would harm the Company's corporate value for such reason, he or she is inappropriate to control the decisions of the Company's financial and business policies.

- Any person who could clearly harm the Company's corporate value
- Any person who forces shareholders to sell their shares in a hurry by creating a disadvantageous situation if they do not accept a takeover proposal, or
- Any person who does not provide the Company with the information or the time required for making decisions.

### (ii) Details of Engagement

Our Board of Directors entrusted by the shareholders is engaged in the following efforts to implement the Group's basic policies.

#### Steps to Increase the Company's Corporate Value

- Promoting the Medium-Term Management Plan

The Board takes steps to strengthen, enrich and expand the Group portfolio management which provides solid and stable development through multi-layered development of a portfolio composed of three elements: diverse "businesses", "regional" considerations as seen from a global perspective, and a rich array of "content". At the same time, the Board will take steps to maximize the Group's growth by creating a positive spiral of synergies through linking portfolio. Through synergies within the Group, the board will also work to reinforce the "Entertainment Hub Function", a comprehensive system within the Group to drive total development from content creation to product marketing and location development. Together with our partner companies in and outside Japan, we will upgrade "Entertainment Hub Function".

- Promoting Efficient Management

The Group has been actively promoting efficient management.

On the business front, business operations have been restructured into five SBUs and other business operations and have controlled businesses by each SBU to increase the efficiency of Group operations. To accelerate that process, the listed companies of Bandai Networks Co., Ltd., and Bandai Visual Co., Ltd. became wholly owned subsidiaries during this fiscal year. In addition, as of April 1, 2008, the game business of the Banprest Co., Ltd. has been transferred to NAMCO BANDAI Games Inc., and the Company has also established a Shared Services Division to take steps to bring together administrative division functions within the Group.

On the financial front, a basic policy for efficient use of funds has been decided. In concrete terms, with regard to reserve funds after deducting working capital and outlays for forward capital investments related to operations, the Company considers acquisition of treasury stock for return to shareholders and other purposes, after accounting for an overall assessment of expected earnings for the current and next fiscal year as well as capital expenditure items, etc.

- Proactive IR Activities

Our Group discloses information in a timely and appropriate manner in accordance with Financial Instruments and Exchange Act and rules prescribed by the Tokyo Stock Exchange. We aim to be a highly transparent corporation that provides shareholders with accurate information concerning management strategies and business directions. We thus work to provide ample opportunities ,for instance, company information and financial information meetings for the president and other executives of the Company to explain directly to both foreign and Japanese individual investors, institutional investors, stock analysts, etc. . .

- Proactive Policy for the Return of Profits to Shareholders

The Company places the return of profits to shareholders as one of its highest management priorities. The Company assumes its basic policy is to further strengthen the Group's competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company's corporate value. In concrete terms, the Company's basic policy is to provide a return to shareholders that targets at a payout ratio of 30% in accordance with consolidated operational results, based on stable annual dividend payments of ¥24 per share.

In addition, in order to pursue capital management efficiency, the Company has defined its approach with respect to appropriation of earnings in addition to its existing basic policy for the utilization of cash.

In the past, after appropriation of an amount equivalent to a 30% dividend payout ratio from the consolidated periodical net income, the Company, in principle, allocated the remaining balance of net income to the retained earnings as a reserve for the future investments and to strengthen its financial position. After consideration of the current level of shareholders' equity, the Company has resolved to allocate a portion of this remaining balance for the acquisition of its own shares, with comprehensive consideration of aspects such as the level of cash held, its operating performance, its share price trend, and the existence of its plan for large-scale investments.

### Takeover Defenses

At present, our Group has taken no specific measures as takeover defenses; we regard implementing our management and business strategies and aiming to increase the corporate value of the Group as a whole as a substantial defense against inappropriate takeovers.

That said, since we are entrusted by shareholders as the management of the Group, we will study and develop a system of takeover defenses in anticipating the situation in which an inappropriate entity might emerge to become a decision-making authority over the Group's financial and business policies.

In concrete terms, in the event an inappropriate bidder emerges, the management team will not take steps to guard its own interests against the takeover offer by the bidder, will construct a system that enables the Company to judge from the perspective of improving corporate value first. The Company will continue to study takeover defenses by utilizing stock acquisition rights, etc. with a close eye on legal and social trends.

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(Note) In this Business Report, fractional amounts less than the relevant indicated unit amount are truncated.

**Consolidated Balance Sheet**  
(As of March 31, 2008)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	126,103
Trade receivables	73,140
Short-term investments	7,068
Inventories	36,428
Deferred tax assets	5,908
Other current assets	19,670
Allowance for doubtful receivables	(607)
<b>Total current assets</b>	<b>267,713</b>
<b>Fixed Assets</b>	
<b>Property, plant and equipment</b>	
Buildings and structures	11,838
Amusement facilities and machines	23,801
Land	14,346
Other property, plant and equipment	13,460
<b>Total property, plant and equipment</b>	<b>63,446</b>
<b>Intangible assets</b>	
Goodwill	15,800
Other intangible assets	11,191
<b>Total intangible assets</b>	<b>26,991</b>
<b>Investments and other assets</b>	
Investment in securities	26,143
Guarantee money deposited	20,112
Deferred tax assets	6,290
Other investments and assets	3,541
Allowance for doubtful receivables	(1,215)
<b>Total investments and other assets</b>	<b>54,871</b>
<b>Total fixed assets</b>	<b>145,309</b>
<b>TOTAL ASSETS</b>	<b>413,023</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade payables	42,603
Short-term borrowings	5,338
Accounts payable – other	24,889
Accrued income taxes	9,262
Provision for directors' bonus	473
Provision for losses from business restructuring	1,082
Provision for sales return	829
Other current liabilities	17,169
<b>Total current liabilities</b>	<b>101,648</b>
<b>Long-term liabilities</b>	
Long-term debt	10,662
Deferred tax liabilities	4,239
Deferred tax liabilities, land revaluation difference	492
Accrued retirement and severance benefits	1,571
Accrued directors' and auditors' retirement and severance benefits	27
Other long-term liabilities	4,438
<b>Total long-term liabilities</b>	<b>21,430</b>
<b>TOTAL LIABILITIES</b>	<b>123,079</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
Common stock	10,000
Additional paid-in capital	87,945
Retained earnings	192,865
Treasury stock	(2,840)
<b>Total stockholders' equity</b>	<b>287,971</b>
<b>Valuation difference and translation adjustments</b>	
Other securities valuation difference	192
Deferred gains or losses on hedges, net of taxes	(112)
Land revaluation difference	(6,284)
Translation adjustment	5,028
<b>Total valuation difference and translation adjustments</b>	<b>(1,175)</b>
<b>Stock subscription rights</b>	<b>1,531</b>
<b>Minority interests</b>	<b>1,616</b>
<b>TOTAL NET ASSETS</b>	<b>289,944</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>413,023</b>

**Consolidated Statement of Income**  
(April 1, 2007 through March 31, 2008)

	(Millions of yen)	
	Amount	
<b>Net sales</b>		460,473
<b>Cost of sales</b>		296,400
<b>Gross profit</b>		164,072
<b>Selling, general and administrative expenses</b>		130,661
<b>Operating income</b>		33,411
<b>Non-operating income</b>		3,954
Interest income	2,342	
Dividend income	210	
Other non-operating income	1,400	
<b>Non-operating expenses</b>		1,167
Interest expense	202	
Foreign exchange loss	225	
Loss of investment in the equity method	441	
Loss on valuation of derivatives	96	
Other non-operating expenses	201	
<b>Recurring income</b>		36,198
<b>Extraordinary income</b>		17,984
Gain on sales of fixed assets	16,974	
Gain on sales of investment securities	1	
Gain on sales of investments in affiliated companies	298	
Reversal of accrued retirement and severance benefits	501	
Reversal of allowance for doubtful receivables	208	
<b>Extraordinary loss</b>		8,217
Loss on sales of fixed assets	125	
Loss on disposals of fixed assets	743	
Loss on impairment of fixed assets	4,247	
Non-deductible consumer tax, etc.	775	
Litigation settlement	282	
Loss on business restructuring	460	
Provision for losses on business restructuring	1,082	
Loss on valuation of investment securities	224	
Provision for allowance of doubtful receivables	200	
Other extraordinary losses	73	
<b>Net income before income taxes and minority interests</b>		45,964
Corporate income, inhabitant and enterprise taxes	14,843	
Deferred income taxes	(2,209)	12,633
Minority interests		651
<b>Net income</b>		32,679

**Consolidated Statement of Changes in Net Assets**  
(From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of March 31, 2007	10,000	97,142	182,389	(3,952)	285,578
Changes during the period					
Cash dividends			(7,162)		(7,162)
Net income			32,679		32,679
Purchase of treasury stock				(10,235)	(10,235)
Retirement of treasury stock		(8,184)		8,184	—
Decrease in treasury stock due to a share exchange		(1,012)		3,164	2,152
Increase in treasury stock accompanying changes to holdings in companies to which the equity method is applied				(1)	(1)
Changes in the scope of consolidation (increase in the number of consolidated subsidiaries)			(103)		(103)
Changes in the scope of consolidation (decrease in the number of consolidated subsidiaries)			(27)		(27)
Increase due to transition of consolidated subsidiaries into companies to which the equity method is applied			92		92
Reversal of land revaluation differences			(15,001)		(15,001)
Net changes other than changes in stockholders' equity					
Total changes during the period	—	(9,196)	10,476	1,112	2,392
Balance as of March 31, 2008	10,000	87,945	192,865	(2,840)	287,971

	Valuation difference and translation adjustments					Stock subscription rights	Minority interests	Total net assets
	Other securities valuation difference	Deferred gains or losses on hedges	Land revaluation difference	Translation adjustment	Total valuation difference and translation adjustments			
Balance as of March 31, 2007	4,100	91	(21,286)	5,684	(11,409)	577	9,507	284,254
Changes during the period								
Cash dividends								(7,162)
Net income								32,679
Purchase of treasury stock								(10,235)
Retirement of treasury stock								—
Decrease in treasury stock due to a share exchange								2,152
Increase in treasury stock accompanying changes to holdings in companies to which the equity method is applied								(1)
Changes in the scope of consolidation (increase in the number of consolidated subsidiaries)								(103)
Changes in the scope of consolidation (decrease in the number of consolidated subsidiaries)								(27)
Increase due to transition of consolidated subsidiaries into companies to which the equity method is applied								92
Reversal of land revaluation differences								(15,001)
Net changes other than changes in stockholders' equity	(3,908)	(204)	15,001	(655)	10,233	954	(7,890)	3,297
Total changes during the period	(3,908)	(204)	15,001	(655)	10,233	954	(7,890)	5,690
Balance as of March 31, 2008	192	(112)	(6,284)	5,028	(1,175)	1,531	1,616	289,944

## **Notes to Consolidated Financial Statements**

All sums are shown in millions of yen and have been truncated.

### I. Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

#### 1. Information Concerning the Scope of Consolidation

(1) Status of Consolidated Subsidiaries:

(i) Total Number of Consolidated Subsidiaries:

55 companies

(ii) Names of Principal Consolidated Subsidiaries:

Bandai Co., Ltd., NAMCO LIMITED, NAMCO BANDAI Games Inc., Bandai Networks Co., Ltd., Bandai Visual Co., Ltd., Bandai LOGIPAL Inc., NAMCO BANDAI Holdings (USA) Inc., Bandai S.A., NAMCO Holdings UK LTD. and Bandai (H.K.) CO., LTD.

As EMOTION CO., LTD., ANIME CHANNEL, CO., LTD., and BANDAI VISUAL USA INC. gained in importance, and as LOGIPAL EXPRESS INC. was newly incorporated as a result of an incorporation-type company split, such companies were added to the scope of consolidation from this consolidated fiscal year.

Following (i) the sale of stocks in MONOLITH SOFTWARE Inc. and Yunokawa Kanko Hotel Co., Ltd. and (ii) the merger of NAMCO SUPPORTERS LTD., and Popy Co., Ltd. with other consolidated subsidiaries, the said companies were excluded from the scope of consolidation. Sunlink Co., Ltd., was also excluded from the scope of consolidation after Bandai Co., Ltd.'s sold a part of its shares to Happinet Corporation, and the equity method was applied thereto.

In addition, the corporate name of NAMCO EUROPE LTD. was changed in January, 2007, to NAMCO Holdings UK LTD., NAMCO EUROPE LTD. and NAMCO BANDAI Networks Europe LTD. were newly established as subsidiaries and added to the scope of consolidation.

(2) Status of Non-consolidated Subsidiaries:

(i) Names of Principal Non-consolidated Subsidiaries:

SHANGHAI NAMCO LTD., SUNRISE Music Publishing Co., LTD. and Sunrise Interactive Co., Ltd.

(ii) Reason for Exclusion from the Scope of Consolidation:

As the scale of the business conducted by each of the non-consolidated subsidiaries is small, the total assets, net sales, net income or loss and retained earnings, etc. corresponding to the ownership held by the Company of each company have no material impact on the consolidated financial statements.

## 2. Information Concerning Application of the Equity Method

- (1) Status of Non-consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied:
  - (i) Number of Non-consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied: 6 Companies
  - (ii) Names of Companies:

Non-consolidated subsidiary: SHANGHAI NAMCO LTD.,  
Affiliated companies: Happinet Corporation, Sotsu Co., Ltd., People Co., Ltd.,  
Italian Tomato Ltd., and Sunlink Co., Ltd.

Sotsu Agency Co., Ltd. changed its name to Sotsu Co., Ltd., during this consolidated fiscal year.
- (2) Status of Non-consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Not Applied:
  - (i) Name of the Principal Company:

Sunrise Interactive Co., Ltd.
  - (ii) Reason the Equity Method Was Not Applied to the Company:

The equity method was not applied to this company, because it was deemed the exclusion of the company from the application of the equity method would have little, and no material, impact on the consolidated financial statements of the Company and it seemed unimportant in consideration of the company's net income or loss and retained earnings, etc. corresponding to the ownership held by the Company.

## 3. Information Concerning the Fiscal Year for Consolidated Subsidiaries

- (1) Names of Consolidated Subsidiaries with the End of Fiscal Year of March 31:

Bandai Co., Ltd., NAMCO LIMITED, NAMCO BANDAI Games Inc.,  
Banpresto Co., Ltd., Bandai Networks Co., Ltd., Banpresoft Co., Ltd., Namco  
TALES STUDIO LTD. and VIBE Inc.
- (2) Name of Consolidated Subsidiary with the End of Fiscal Year of January 31:

Artpresto Co., Ltd.
- (3) Names of Consolidated Subsidiaries with the End of Fiscal Year of December 31:

NAMCO BANDAI Holdings (USA) Inc., BANDAI AMERICA INC., NAMCO  
CYBERTAINMENT INC., NAMCO BANDAI Games America Inc., NAMCO  
AMERICA INC., NAMCO NETWORKS AMERICA INC., BANDAI  
ENTERTAINMENT INC., BANDAI VISUAL USA INC., BANDAI S.A.,  
BANDAI U.K. LTD., BANDAI ESPANA S.A., NAMCO Holdings UK LTD.,  
NAMCO EUROPE LTD., NAMCO OPERATIONS EUROPE LTD., NAMCO  
OPERATIONS SPAIN S.L., NAMCO BANDAI Games Europe S.A.S.,  
NAMCO BANDAI Networks Europe LTD., BANDAI (H.K.) LTD.,  
BANPRESTO (H.K.) LTD., BANDAI ASIA CO., LTD., NAMCO  
ENTERPRISES ASIA LTD., BANDAI INDUSTRIAL CO., LTD., BANDAI  
KOREA CO., LTD., CREATIVE B WORKS CO., LTD., and XS  
ENTERTAINMENT INC.

All consolidated subsidiaries other than those listed above have the last day of February as the end of their consolidated fiscal year.

In the preparation of the consolidated financial statements, the financial statements of each company for the relevant fiscal year were used, and necessary adjustments for consolidation purposes were made in case of material transactions conducted after the end

of the relevant fiscal year and prior to the last day of the consolidated fiscal year for the consolidated financial statements of the Company.

#### 4. Information Concerning Accounting Policies

##### (1) Valuation Basis and Methods for Significant Assets:

###### (i) Valuation Basis and Methods for Securities

Bonds to be held to maturity: Stated at amortized cost (straight-line method)

Other securities:

Securities with market values:

Stated at market price method based on amounts using, among other amounts, market prices, etc. on the last day of the fiscal year (valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method).

Securities without market values:

Stated at cost based on the moving average method.

However, with respect to the contributions to limited liability partnerships for investment businesses and similar partnerships, the amount corresponding to the equity holdings of the partnership's assets is stated as investment in securities, and the amount corresponding to profits or losses resulting from the operations of the partnership is stated as profits or losses for the fiscal year.

(ii) Derivative Trading: Stated using the market price method.

###### (iii) Valuation Basis and Method for Inventories:

Domestic consolidated subsidiaries:

Products in progress, such as game software, etc.:

Stated at cost using the specific cost method.

Others: Generally, stated at cost using the total average method.

Overseas consolidated subsidiaries:

Products in progress, such as game software, etc.:

Stated at cost using the specific cost method.

Others: Generally, stated at the lower of cost or market value using the first-in first-out (FIFO) method.

##### (2) Depreciation Methods for Significant Depreciable Assets:

###### (i) Property, Plant and Equipment:

The Company and domestic consolidated subsidiaries:

Generally the declining-balance method was used.

However, for buildings (excluding equipment attached thereto) acquired on or after April 1, 1998 and for part of the amusement facilities and machines, etc., the straight-line method was used. The general useful life of property, plant and equipment is as follows:

Buildings and structures: 2 to 50 years

Amusement facilities and machines: 3 to 15 years

(Change in accounting policies)

Due to the revision of the Corporation Tax Law, the Company and some of its domestic consolidated subsidiaries changed the method of calculating the depreciation of property, plant and equipment acquired on or after April 1, 2007 for the accounting period of this consolidated fiscal year (from April 1, 2007 to March 31, 2008) based on the revised Corporation Tax Law.

As a result of this, operating income, recurring income and net income before taxes

and minority interests each decreased by ¥988 million.

(Additional information)

Due to the revision of the Corporation Tax Law, the Company and some of its domestic consolidated subsidiaries, in respect of the property, plant and equipment acquired prior to March 31, 2007, are depreciating the amount of difference between the memorandum value and an amount equivalent to 5% of the acquisition cost of the assets using the straight-line method over a period of 5 years, from the consolidated fiscal year following the consolidated fiscal year when the book value of the assets was depreciated to the amount equivalent to 5% of the acquisition cost based on the Corporation Tax Law prior to revision.

As a result of this, operating income, recurring income and net income before taxes and minority interests each decreased by ¥186 million.

Overseas consolidated subsidiaries:

The straight-line method was used.

The general useful life of property, plant and equipment is as follows:

Buildings and structures:	5 to 50 years
Amusement facilities and machines:	2 to 7 years

(ii) Intangible Assets:

The straight-line method was used.

The general useful life of software is as follows:

Software (used internally):	1 to 5 years
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(3) Basis for Recording Significant Reserves:

(i) Allowance for Doubtful Receivables:

The allowance for doubtful receivables is provided for possible losses on unrecoverable receivables. For ordinary receivables, the amount of the allowance is based on the historical rate of loss. For receivables from debtors at risk of bankruptcy and receivables from debtors in bankruptcy or under reorganization, the amount of allowance is based on individually estimated unrecoverable amounts.

(ii) Provision for Directors' Bonus:

The Company and its domestic consolidated subsidiaries provide for the amount expected to be payable for directors' bonus in the consolidated fiscal year for the bonus payment.

(iii) Provision for Losses from Business Restructuring:

Some consolidated subsidiaries state an estimated loss in provision for losses from restructuring operations.

(iv) Provision for Sales Return:

Some consolidated subsidiaries book estimated amounts in the current consolidated fiscal year based on sales return in the past, in order to provide for losses on returned goods after the end of the current consolidated fiscal year.

(Changes in display of accounting categories)

Estimated losses on returned goods at foreign subsidiaries that were disclosed within "Other current liabilities" in the previous consolidated fiscal year are disclosed within "Provision for sales return" in the consolidated fiscal year because some domestic consolidated subsidiaries now book provision for sales return.

Estimated losses on returned goods included in "Other current liabilities" in the previous consolidated fiscal year amounted to ¥514 million.

(v) Accrued Retirement and Severance Benefits:

The Company and its consolidated subsidiaries provide for retirement and severance benefits for employees based on estimated retirement benefit obligations and pension

assets as of the end of the consolidated fiscal year.

Actuarial gain/loss is amortized in equal amounts in each consolidated fiscal year over a fixed period (9 to 17 years) from the following consolidated fiscal year within the average remaining period of service for affected employees when incurred.

At some domestic consolidated subsidiaries, past service obligations are amortized over a fixed period (10 years) within the average remaining period of service for affected employees when incurred.

(vi) Accrued Directors' and Auditors' Retirement and Severance Benefits:

To prepare for the payment of directors' and auditors' retirement and severance benefits, some domestic consolidated subsidiaries record the amounts payable at the end of fiscal year in accordance with their respective internal rules.

(4) Basis for Recording Income and Expense:

Videogame software production costs:

The production of videogame software involves the complex combination of both software and contents.

Consequently, it is difficult to treat these constituent items as separate components for accounting purposes.

The Company judges the main component of videogame software is the content, which includes visual image and music data, including the game itself.

Based on the above, videogame software production costs are recorded as inventories effective from the point at which an internal decision is made to commercialize a product. For software production costs recorded under assets, cost of sales is recorded based on estimated sales volume.

(Change in display of accounting categories)

In order to disclose videogame software production cost recorded under assets in a more appropriate manner, the account in which such costs are to be disclosed has been changed from "Other current assets (payments in advance)" to "Inventories" in some consolidated subsidiaries.

The videogame software production cost included in "Other current assets (payments in advance)" in the previous consolidated fiscal year totals ¥2,026 million.

(5) Accounting Policies for Significant Lease Transactions:

The Company and its consolidated subsidiaries account for financing lease transactions, other than those in which titles to leased property are determined to be transferred to lessees, by applying accounting treatment applicable to ordinary operating lease transactions.

However, overseas consolidated subsidiaries follow the accounting standards in the country of domicile and therefore treat financing lease transactions in accordance with accounting treatment applicable to ordinary sale and purchase transactions.

(6) Significant Accounting Policies for Hedging:

(i) Accounting for Hedging:

The Company used deferred hedge accounting.

The allocation method was used for forward exchange contracts when appropriate. The special method was used for interest rate swaps when appropriate.

(ii) Hedging Instruments and Hedged Items:

Hedging instruments: Forward exchange contracts and interest rate swaps

Hedged items: Foreign currency-denominated assets and liabilities and scheduled transactions, and interest on debt

(iii) Hedging Policies:

Hedging is implemented for the purpose of reducing risks arising from fluctuations in exchange rates and interest rates involved in operational and financing activities.

(iv) Method of Assessing the Effectiveness of Hedging:

The effectiveness of a hedging transaction is, in principle, determined by comparing the cumulative changes in the cash flows or the market movements of the hedged item and the cumulative changes in the cash flows or the market movements of the hedging instrument from the start of hedging to the time of assessing the effectiveness thereof.

However, if important conditions are common for the hedging instrument and the hedged asset, liability, or scheduled transaction, no such determination is made because it is apparent that 100% effectiveness in hedging was achieved. No such determination is made, either, for interest rate swaps with using the special method.

(7) Other Important Information Constituting the Basis of Preparation of Consolidated Financial Statements

Accounting treatment of consumption tax, etc.:

Consumption tax, etc. is accounted for separately and is not figured into each listed item.

Note that non-deductible consumption taxes, etc. regarding assets, etc. were recorded as expenses for the current consolidated fiscal year.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

Assets and liabilities of consolidated subsidiaries are assessed based on their fair market value.

6. Amortization of Positive Goodwill and Negative Goodwill

Goodwill is amortized over a five-year period using the straight-line method. Goodwill of overseas consolidated subsidiaries is treated in accordance with the accounting regulations of the country of domicile.

7. Additional Information

(Legal action, etc.)

The Company and its U.S. consolidated subsidiaries, etc. had a suit brought against them on October 5, 2006 in California by Game Ballers Inc., claiming compensatory damages in relation to certain business transactions. However, a settlement was reached and a settlement agreement was concluded in September 2007. The extraordinary loss of ¥282 million (US\$2.4 million) in respect of this settlement is recorded under "Litigation Settlement".

## II. Notes to Consolidated Balance Sheet

1. Amount of Accumulated Depreciation of Property, Plant and Equipment:  
¥124,834 million
2. Guarantee Obligation  
Guarantees for lease agreements concluded with trading partners of overseas consolidated subsidiaries: ¥82 million
3. Revaluation of Land  
A revaluation of land for business-use was implemented pursuant to the “Law Concerning Revaluation of Land” (Law No. 34, of March 31, 1998) and the revalued difference was recorded under net assets.

### Method of Revaluation:

Reasonable adjustment was made for considering the depth of the land, etc. based on the value calculated using the method determined and announced by the Commissioner of the Japanese National Tax Administration Agency for the purpose of calculating the land value that is the base for taxation under the Land value tax regulated by Article 16 of the “Landholding Tax Law” (Law No. 69 of May 2, 1991) that is provided under Article 2, Item 4 of the “Government Ordinance for the Enforcement of Law Concerning Revaluation of Land” (Government Ordinance No. 119 of March 31, 1998).

Revaluation Date: March 31, 2002

Difference between the market price of the revalued land at the end of this consolidated fiscal year and the revaluated book value after the revaluation: negative ¥581 million.

### III. Notes to Consolidated Statement of Income

#### Loss on impairment of property, plant and equipment

In order to identify assets for impairment, the Company and its consolidated subsidiaries group their fixed assets according to management accounting classifications based on each strategic business unit, except for important idle assets, assets scheduled for disposal and lease assets. Of these, in the amusement facilities business, most are grouped according to fixed regions because the assets owned for the business of this unit are widely spread across Japan and overseas.

Also, the book value of the following assets, except for those assets which may be reused, is reduced to the collectible amount and the decrease in value is recorded as an impairment loss in extraordinary losses.

Location	Items	Classification	Impairment Loss (millions of yen)
Yokohama City, Kanagawa, etc. (Note 1)	Amusement facility	Amusement facilities and machines, etc.	937
Kanazawa City, Ishikawa (Note 2)	Amusement facility	Amusement facilities and machines, etc.	173
Ayase City, Kanagawa, etc. (Note 3)	Amusement facility	Amusement facilities and machines, etc.	84
Hakodate City, Hokkaido (Note 2)	Amusement facility (Tourist hotel)	Buildings & structures, etc.	482
BEDFORDSHIRE, U.K. etc. (Note 2)	Amusement facility	Amusement facilities and machines, etc.	946
CAUSEWAY BAY, HONG KONG (Note 4)	Assets scheduled for disposal, etc.	Amusement facilities and machines, etc.	2
ILLINOIS, U.S.A. (Note 5)	Amusement facility	Goodwill	662
Shimotsuga-gun, Tochigi etc. (Note 6)	Idle assets	Buildings & structures, land, etc.	789
Bunkyo-ku, Tokyo, etc. (Note 4)	Assets scheduled for disposal, etc.	Buildings & structures, property, plant and equipment (others), etc.	116
Inashiki-gun, Ibaragi (Note 7)	Warehouse	Buildings & structures, land	35
Koutou-ku, Tokyo (Note 2)	Software for Internet content business	Property, plant and equipment (others), software	17
Total			4,247

- (Notes) 1. This asset was separated from its current grouping and recorded as an impairment loss because the collectible amount of this asset largely decreased due to the decision to close the facility. The collectible amount was calculated using a value of use as “zero”.
2. An impairment loss was recorded because it was predicted that the book value of this fixed asset could not be collected due to the decrease in business profitability. The collectible amount was calculated using a value of use as “zero”.
3. This asset was separated from its current grouping and recorded as an impairment loss because it was decided to change the primary management objective from business aiming at generating income to concentrating on the value of social welfare projects, and this asset was considered to have largely decreased its collectible amount due to the

- decision and have lost its mutually complementary function in its current grouping. The collectible amount was calculated using a value of use as “zero”.
4. An impairment loss was recorded of the asset which is unlikely to be used because of relocation of facilities, etc. The collectible amounts were calculated using a value of use as “zero”.
  5. An impairment loss was recorded because the profitability over the book value of this fixed asset could not be predicted due to the decrease in profitability of the takeover business. The collectible amount was calculated using a value of use as “zero”.
  6. An impairment loss was recorded of the assets that had no foreseeable use due to integration, etc. of subsidiary bases. The collectible amounts for real estate were measured by the net sale value and assessed based on road rating.
  7. An impairment loss was recorded because it was predicted that the book value of this fixed asset could not be collected due to the decrease in business profitability. The collectible amounts for real estate were measured by the net sale value and assessed based on fixed assets tax rating.

#### IV. Notes to Consolidated Statement of Changes in Net Assets

##### 1. Matters Concerning the Total Number of Shares Issued

Category of shares	Number of shares at the end of the previous consolidated fiscal year (shares)	Increase in number of shares in the current consolidated fiscal year (shares)	Decrease in number of shares in the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Common stock	260,580,191	—	4,500,000	256,080,191

##### 2. Matters Concerning the Total Number of Treasury Stock

Category of shares	Number of shares at the end of the previous consolidated fiscal year (shares)	Increase in number of shares in the current consolidated fiscal year (shares)	Decrease in number of shares in the current consolidated fiscal year (shares)	Number of shares at the end of the current consolidated fiscal year (shares)
Common stock	2,731,047	5,186,011	6,150,787	1,766,271

- (Notes) 1. The decrease of 4,500,000 shares in the total number of shares issued resulted from the retirement of treasury stock.
2. The increase of 5,186,011 shares in treasury stock (shares of common stock) consists of an increase of 4,980,000 shares from the purchase of treasury stock as per a decision made by the Board of Directors, 5,646 shares from the repurchase of shares less than a unit, 198,600 shares from the purchase of treasury stock via a put for purchase in connection with the share exchange between the Company and Bandai Visual Co., Ltd., and 1,765 shares as a result of an increase in the shareholding ratio in respect of affiliates to which the equity method applies.
  3. The decrease of 6,150,787 shares in treasury stock (shares of common stock) consists of a decrease of 4,500,000 shares from the retirement of treasury stock, 1,650,696 shares from the allotment of treasury stock to shareholders of Bandai Networks Co., Ltd. and Bandai Visual Co., Ltd., via the share exchange carried out between them and the Company, and 91 shares from the sale of shares less than a unit.

##### 3. Matters Concerning Distribution of Surplus

Paid Dividend Amounts, etc.

- (i) Dividends as per Decisions Made at the 2nd General Meeting of Shareholders Held on June 25, 2007

- Total amount of dividends: ¥4,127 million
  - Dividend per share: ¥16
  - Date of record: March 31, 2007
  - Effective date: June 26, 2007
- (ii) Dividends as per Decisions Made at the Board of Directors' Meeting Held on November 8, 2007
- Total amount of dividends: ¥3,035 million
  - Dividend per share: ¥12
  - Date of record: September 30, 2007
  - Effective date: December 10, 2007
- (iii) Dividends with a Date of Record in This Consolidated Fiscal Year but an Effective Date in the Following Fiscal Year
- The following will be proposed at the 3rd General Meeting of Shareholders scheduled on June 23, 2008
- Total amount of dividends: ¥3,056 million
  - Dividend per share: ¥12
  - Date of record: March 31, 2008
  - Effective date: June 24, 2008
- The source of dividends will be retained earnings.

#### V. Notes Concerning Per-Share Data

1. Net assets per share: ¥1,127.72
2. Net income per share for this fiscal year: ¥128.65

#### VI. Notes Concerning Significant Subsequent Events

(Transactions conducted by commonly controlled entities, etc.)

##### Organizational Restructuring of the Domestic Group

##### 1. Overview of Transaction Including Transaction Objectives, Names and Business Content of Restructured Companies, and Legal Form of Business Combination and Split of Operations.

###### (1) Overview of Transaction including Transaction Objectives

An organizational restructuring of the Group companies in Japan was carried out as of April 1, 2008, to maximize the value of the Group companies.

###### a. Transfer of Game Operations from Banpresto Co., Ltd., and Merger

The game operations of Banpresto Co., Ltd., which planned and developed home video game software and coin-operated game machines, was transferred and consolidated into BANDAI NAMCO Games, Inc., which integrates the Group game operations; Pleasure Cast Co., Ltd., and Hanayashiki Co., Ltd., subsidiaries of Banpresto engaged in operating amusement facilities, were made subsidiaries of NAMCO LIMITED, which integrates the amusement facilities operations of the Group. Banpresto Co., Ltd. was redefined as focusing on the prize business, with an emphasis on prizes for coin-operated game machines.

###### b. Consolidation of Subsidiaries with Group Support Functions

As of 1 April, 2008, a Shared Services Division was established within the Company and the share management operations for BANDAI NAMCO Business Services Inc., and Artpresto Co., Ltd., which had been carried out by Bandai Co, Ltd., and Banpresto Co., Ltd., were transferred to the Company.

###### (2) Names and Business Content of Restructured Companies

###### a) BANDAI NAMCO Games Inc.

Planning, development, and sales of home video game software and coin-operated game machines, etc.

###### b) NAMCO LIMITED

Management of amusement facilities, etc.

###### c) Banpresto Co., Ltd. (a newly-incorporated company in an incorporation-type

company split)

Planning, development, and sales of prizes, etc., for coin-operated game machines.

d) Bandai Co., Ltd.

Manufacturing and sales of toys, apparel, and related products.

e) NAMCO BANDAI Holdings Inc.

Planning and implementation of management strategy and business management and instruction of the Group companies.

(3) Legal Form of the Business Combination and Split of Operations

a) An incorporation-type company split of Banpresto Co., Ltd., with the establishment of a subsidiary, the new Banpresto Co., Ltd.

b) A company split in which Banpresto Co., Ltd., is a split company in an absorption-type company split and NAMCO LIMITED is the successor company in the absorption-type company split.

c) A company split in which Banpresto Co., Ltd., is a split company in an absorption-type company split and the Company is the successor company in the absorption-type company split.

d) A merger in which Banpresto Co., Ltd., is a merged company in an absorption-type merger and NAMCO BANDAI Games, Inc., is the surviving company in the absorption-type merger.

e) A company split in which Bandai Co., Ltd., is a company of an absorption-type company split and the Company is the successor company in the absorption-type company split.

2. Overview of Accounting Process

The accounting process for the consolidated financial statements was handled in accordance with the provisions of “Accounting for transactions conducted by commonly controlled entities, etc.” of Article 3, Paragraph 4 of the “Accounting Standard for Business Combinations”.

VII. Other Notes

A. Stock Options, etc.

1. Amount of Stock Option Expenses in this Consolidated Fiscal Year and the Name of the Item  
Selling, general and administrative expenses: ¥954 million

2. Types, Sizes and Changes of Stock Options

(1) Types of Stock Options

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Position and number of beneficiaries	Directors of the Company (8)	Directors of subsidiaries (14)	Employees of the Company and subsidiaries (603)
Type and number of stock options (Note 1)	Common stock 126,300	Common stock 149,700	Common stock 1,838,000
Grant date	July 18, 2006	July 18, 2006	July 18, 2006
Conditions for exercising rights	(Note 2)	(Note 3)	(Note 4)
Required tenure	Not specified	Not specified	From July 18, 2006 to July 9, 2008
Applicable period for exercising rights	From July 10, 2009 to June 30, 2014	From July 10, 2009 to June 30, 2014	From July 10, 2008 to June 30, 2010

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2-1 Stock subscription rights	Series 2-2 Stock subscription rights
Position and number of beneficiaries	Employees of the subsidiaries (231)	Directors of the Company (6)	Directors of the subsidiaries (85)
Type and number of stock options (Note 1)	Common stock 583,000	Common stock 92,600	Common stock 268,100
Grant date	April 18, 2007	July 19, 2007	July 19, 2007
Conditions for exercising rights	(Note 4)	(Note 2)	(Note 3)
Required tenure	From April 18, 2007 to March 31, 2009	Not specified	Not specified
Applicable period for exercising rights	From April 1, 2009 to June 30, 2010	From July 10, 2010 to June 30, 2015	From July 10, 2010 to June 30, 2015

(Notes) 1. The number of stock options is given in that of underlying shares.

2. After stock subscription rights are allocated, if the Company's stock price growth rate up to the start of the period for exercising those rights does not exceed the TOPIX (Tokyo Stock Price Index) growth rate, then those stock subscription rights cannot be exercised. The Company's stock price growth rate shall be calculated as the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the starting date for the period for exercising the stock subscription rights falls (except if there is no trading) divided by the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the allotment date falls (except if there is no trading). The TOPIX growth rate is calculated in the same way as the Company's stock price growth rate.

3. The annual target of business performance and evaluation period (3 years from the time of the issuance of rights to the time it is possible to exercise those rights) shall be determined, with the sales and operating income, etc. of the strategic business unit – to which persons to whom stock subscription rights were allotted (hereinafter referred to as “Stock Subscription Rights Holder(s)”) belongs at the time of issuance of the stock subscription rights – used as the evaluation index. The ratio of achievement of that target shall be measured for each fiscal year during that evaluation period. If the ratio of achievement at the end of evaluation period is above 50% on average during the evaluation period, those rights may be exercised.

However, even if the ratio of achievement is above 50% on average during the evaluation period, the number of shares that can be acquired by exercising those rights shall be based on a ratio equivalent to the average ratio of achievement (maximum of 100%).

4. (i) Stock Subscription Rights Holder(s) must be an employee of the Company or of its Group Companies at the time those rights are exercised.

(ii) Regardless of the regulation in (i), if the Stock Subscription Rights Holder leaves the Company or its Group companies due to his or her own personal reasons, that person may possess and exercise the corresponding rights only up to 6 months from the time of leaving. However, he or she may not possess and exercise the corresponding rights beyond the period for exercising those rights. If that person leaves upon the company's request or for any other reason that the company believes to be appropriate, those rights and the period for exercising those rights shall remain unchanged.

(2) Stock Option Sizes and Changes

Information is given only for stock options that existed in this consolidated fiscal year. The number of stock options is given in that of underlying shares.

(i) Number of Stock Options

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Before rights become effective	(shares)	(shares)	(shares)
End of the previous consolidated fiscal year	126,300	149,700	1,817,000
Granted	---	---	---
Expired	---	---	12,000
Offered rights	---	---	---
Unoffered	126,300	149,700	1,805,000
After offer			
End of the previous consolidated fiscal year	---	---	---
Offered rights	---	---	---
Exercised rights	---	---	---
Expired	---	---	---
Unexercised	---	---	---

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2-1 Stock subscription rights	Series 2-2 Stock subscription rights
Before rights become effective	(shares)	(shares)	(shares)
End of the previous consolidated fiscal year	---	---	---
Granted	583,000	92,600	268,100
Expired	4,000	---	3,400
Offered rights	---	---	---
Unoffered	579,000	92,600	264,700
After offer			
End of the previous consolidated fiscal year	---	---	---
Offered rights	---	---	---
Exercised rights	---	---	---
Expired	---	---	---
Unexercised	---	---	---

(ii) Price Information

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Exercise price of option (Yen)	1	1	1,754
Average stock price when exercised (Yen)	---	---	---
Fair market price on grant date (Yen)	1,550.90	1,550.90	219.07

	2007 Stock Options		
	Series 4 Stock subscription rights	Series 2-1 Stock subscription rights	Series 2-2 Stock subscription rights
Exercise price of option (Yen)	1,895	1	1
Average stock price when exercised (Yen)	---	---	---
Fair market price on grant date (Yen)	279.13	1,893.38	1,893.38

3. Method for Estimating Fair Market Price for Stock Options

The method for estimating a fair market price for 2006 Stock Options granted in the previous consolidated fiscal year and 2007 Stock Options granted in this consolidated fiscal year is as follows.

(i) Valuation Formula: Black-Scholes Model

(ii) Basic Figures and Method for Estimating:

	2006 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Stock price fluctuation (Note 1)	24.17%	24.17%	24.17%
Estimated remaining life (Note 2)	5.464 years	5.464 years	2.964 years
Estimated dividends (Note 3)	1.04%	1.04%	1.04%
No-risk interest rate (Note 4)	1.424%	1.424%	0.959%

	2007 Stock Options		
	Series 1 Stock subscription rights	Series 2 Stock subscription rights	Series 3 Stock subscription rights
Stock price fluctuation (Note 1)	23.85%	23.20%	23.20%
Estimated remaining life (Note 2)	2.576 years	5.461 years	5.461 years
Estimated dividends (Note 3)	1.50%	1.27%	1.27%
No-risk interest rate (Note 4)	0.9387%	1.551%	1.551%

- (Notes) 1. Stock price fluctuation is based on stock prices over the period from the company's incorporation to the grant date (\*).
2. The remaining life of the stock options could not be rationally estimated due to a lack of data stock. Estimated remaining life is therefore based on the assumption that options would be exercised at the midpoint of the applicable period for exercising rights.

3. Estimated dividends were based on actual dividends over the period from the company's to grant date (\*).
4. The no-risk interest rate is the rate of the yield on government bonds for the period corresponding to the estimated remaining life.

(\*)Stock subscription rights Series 1: From September 29, 2005 to July 18, 2006  
 Stock subscription rights Series 2: From September 29, 2005 to July 18, 2006  
 Stock subscription rights Series 3: From September 29, 2005 to July 18, 2006  
 Stock subscription rights Series 4: From September 29, 2005 to April 18, 2007  
 Stock subscription rights Series 2-1: From September 29, 2005 to July 19, 2007  
 Stock subscription rights Series 2-2: From September 29, 2005 to July 19, 2007

#### 4. Method for Estimating the Number of Effective Rights of Stock Options

Basically, as it is difficult to rationally estimate the number of expired options at a future date, the number of previously expired options was therefore used.

#### B. Matters Concerning Business Combinations, etc.

(Transactions conducted by commonly controlled entities, etc.)

##### I. Making Bandai Visual Co., Ltd. a Wholly Owned Subsidiary

##### 1. Names and Business Content of Restructured Companies, Legal Form of Business Combination and Overview of Transaction including Transaction Objectives

###### (1) Names and Business Content of Restructured Companies

###### (i) Integrating Company (Parent company after share exchange)

Name:	NAMCO BANDAI Holdings Inc. (the Company)
Business content:	Planning and implementation of management strategy and business management and instruction of the Group companies.

###### (ii) Integrated Company (Wholly owned subsidiary after share exchange)

Name:	Bandai Visual Co., Ltd.
Business content:	Planning, development and sale of visual and music contents.

###### (2) Legal form of Business Combination

A summary share exchange was conducted for the Company as stipulated in Article 796, Paragraph 3 of the Companies Act, and a simplified share exchange was conducted for Bandai Visual, Co., Ltd. (Bandai Visual) as stipulated in Article 784, Paragraph 1 of the Companies Act.

###### (3) Overview of Transaction including Transaction Objectives

The Company, with the goal of making Bandai Visual a wholly owned subsidiary, commenced a tender offer for Bandai Visual shares during the period from November 9, 2007 to December 10, 2007. Consequently, as of December 17, 2007, the Company acquired 134,824 shares of Bandai Visual, 93.63% of Bandai Visual's outstanding shares. The Company and Bandai Visual judged that making Bandai Visual a wholly owned subsidiary would promote (i) optimal efficiency in decision making under the Group's medium to long-term management strategy, (ii) business expansion by way of the effective use of comprehensive capabilities through Group synergies, and (iii) maximization of the value of the Group companies. Thus, as of December 17, 2007, both parties entered into a share exchange agreement to make Bandai Visual a wholly owned subsidiary of the Company ("the share exchange agreement"), and on February 21, 2008, the share exchange became effective, and Bandai Visual became a wholly owned subsidiary of the Company.

#### 2. Overview of Accounting Process

The accounting process for the non-consolidated financial statements and consolidated financial statements was handled in accordance with the provision of "Accounting for transactions conducted by commonly controlled entities, etc." of Article 3, Paragraph 4 of "the Accounting Standards for Business Combinations".

### 3. Additional Acquisitions of Subsidiary Companies' Shares

#### (1) Acquisition Cost Detail

The acquisition cost was ¥1,866 million, which was paid solely from treasury stock.

#### (2) Type of Shares

Common shares

#### (3) The Share Exchange Ratio, Basis of Calculation, Number of Shares Delivered, and their Valuation Amount

##### (i) Share Exchange Ratio

156 shares in the Company were delivered for one (1) share in Bandai Visual.

##### (ii) Basis of Calculation

To arrive at the above share exchange ratio, the market value method was used for the Company's shares; the discounted cash flow method, market value method, and comparable companies method were used for Bandai Visual's shares; and upon prudent consideration of the results of the evaluation so calculated and mutual deliberation, both parties agreed to the share exchange ratio stated above.

The Company and Bandai Visual chose, as the third-party advisor for each, Daiwa Securities SMBC Co. Ltd. and Nomura Securities Co., Ltd., respectively.

##### (iii) Number of Shares Delivered and Valuation Amount

Number of shares 1,431,456 shares

Valuation amount ¥1,866 million

#### (4) Amount, Source, Method and Period of Depreciation of Goodwill Incurred

(i) Amount of Goodwill: ¥1,064 million

##### (ii) Source:

The difference amount between the cost of acquiring additional shares of Bandai Visual and the decreased amount of minor shareholders' holdings was handled as goodwill.

(iii) Method and Period of Depreciation: Straight-line method, 5 years

## II. Making Bandai Networks Co., Ltd. a Wholly Owned Subsidiary

### 1. Names and Business Content of Restructured Companies, Legal Form of Business Combination and Overview of Transaction including Transaction Objectives

#### (1) Names and Business Content of Restructured Companies

##### (i) Integrating Company (Parent company after share exchange)

Name: NAMCO BANDAI Holdings Inc. (the Company)

Business content: Planning and implementation of management strategy and business management and instruction of the Group companies

##### (ii) Integrated Company (Wholly owned subsidiary after share exchange)

Name: Bandai Networks Co., Ltd.

Business content: Distributing content for mobile phones, website development, and mail-order sales, etc.

#### (2) Legal Form of Business Combination

A summary share exchange was conducted for the Company as stipulated in Article 796, Paragraph 3 of the Companies Act, and a simplified share exchange was conducted for Bandai Networks, Co., Ltd. (Bandai Networks) as stipulated in Article 784, Paragraph 1 of the Companies Act.

#### (3) Overview of Transaction Including Transaction Objectives

The Company, with the goal of making Bandai Networks a wholly owned subsidiary, commenced a tender offer for Bandai Networks shares during the period from November 9, 2007 to December 10, 2007. Consequently, as of December 17, 2007, the Company acquired 177,951 shares in Bandai Networks, 92.00% of Bandai Networks' outstanding shares. The Company and Bandai Networks judged that making Bandai Networks a wholly owned subsidiary would promote

(i) optimal efficiency in decision making under the Group's medium to long-term management

strategy, (ii) business expansion by way of the effective use of comprehensive capabilities through Group synergies, and (iii) maximization of the value of the Group companies. Thus, as of December 17, 2007, both parties entered into a share exchange agreement to make Bandai Networks a wholly owned subsidiary of the Company (“the share exchange agreement” ), and on February 21, 2008, the share exchange became effective, and Bandai Networks became a wholly owned subsidiary of the Company.

## 2. Overview of Accounting Process

The accounting process for the non-consolidated financial statements and consolidated financial statements was handled in accordance with the provision of “Accounting for transactions conducted by commonly controlled entities, etc.” of Article 3, Paragraph 4 of “the Accounting Standards for Business Combinations”.

## 3. Additional Acquisitions of Subsidiary Companies’ Shares

### (1) Acquisition Cost Detail

The share exchange ratio, basis of calculation, number of shares exchanged, and their valuation

The acquisition cost was ¥666 million, which was paid solely from treasury stock.

### (2) Type of Shares

Common shares

### (3) The Share Exchange Ratio, Basis of Calculation, Number of Shares Delivered, and Their Valuation Amount

#### (i) Share Exchange Ratio

33 shares in the Company were delivered for one (1) share in Bandai Networks.

#### (ii) Basis of Calculation

To arrive at the above share exchange ratio, the market value method was used for the Company’s shares; the discounted cash flow method, market value method, and comparable companies method were used for Bandai Networks’ shares; and upon prudent consideration of the results of the evaluation so calculated and mutual deliberation, both parties agreed to the share exchange ratio stated above.

The Company and Bandai Networks chose, as the third-party advisor for each, Daiwa Securities SMBC Co. Ltd. and PwC Advisory Co., Ltd., respectively.

#### (iii) Number of Shares and Valuation Amount

Number of shares	510,972 shares
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Valuation Amount	¥666 million
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### (4) Amount, Source, Method and Period of Depreciation of Goodwill Incurred

(i) Amount of Goodwill:	¥39 million
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#### (ii) Source:

The difference amount between the cost of acquiring additional shares of Bandai Networks and the decreased amount of minor shareholders’ holdings was handled as goodwill.

#### (iii) Method and Period of Depreciation: Straight-line method, 5 years

**Non-Consolidated Balance Sheet**

(As of March 31, 2008)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	5,034
Trade receivables	198
Prepaid expenses	179
Deferred tax assets	82
Short-term loans receivables from affiliated companies	1,800
Uncollected refund taxes	1,480
Other current assets	84
<b>Total current assets</b>	<b>8,860</b>
<b>Fixed Assets</b>	
<b>Property, plant and equipment</b>	
Buildings	23
Tools, furniture and fixtures	30
Total property, plant and equipment	53
<b>Intangible assets</b>	
Software	17
Total intangible assets	17
<b>Investments and other assets</b>	
Investment in securities	11,226
Investments in affiliated companies	277,400
Long term prepaid expenses	86
Other investments and assets	1,601
Total investments and other assets	290,314
<b>Total fixed assets</b>	<b>290,385</b>
<b>TOTAL ASSETS</b>	<b>299,245</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Short-term borrowings from affiliated companies	26,700
Short-term borrowings	5,338
Accounts payable-other	340
Accrued expenses	94
Accrued income taxes	136
Deposits receivables	21
Provision for directors' bonus	37
Other current liabilities	140
<b>Total current liabilities</b>	<b>32,808</b>
<b>Long-term liabilities</b>	
Long-term debt	10,662
Accrued retirement and severance benefits	10
<b>Total long-term liabilities</b>	<b>10,672</b>
<b>TOTAL LIABILITIES</b>	<b>43,480</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
Common stock	10,000
Additional paid-in capital	210,375
Capital reserve	2,500
Other capital surplus	207,875
Retained earnings	37,408
Legal reserve	1,645
Other retained earnings	35,763
General reserve	26,104
Retained earnings carried forward	9,658
Treasury stock	(2,521)
<b>Total stockholders' equity</b>	<b>255,262</b>
<b>Valuation difference and translation adjustments</b>	
Other securities valuation difference	(1,029)
<b>Total valuation difference and translation adjustments</b>	<b>(1,029)</b>
<b>Stock subscription rights</b>	<b>1,531</b>
<b>TOTAL NET ASSETS</b>	<b>255,764</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>299,245</b>

**Non-Consolidated Statement of Income**  
(April 1, 2007 through March 31, 2008)

		(Millions of yen)
		Amount
<b>Operating revenue</b>		11,958
Dividend income in affiliated companies	9,796	
Business management income from affiliated companies	2,161	
<b>Operating expenses</b>		3,492
General and administrative expenses	3,492	
<b>Operating income</b>		8,465
<b>Non-operating income</b>		1,962
Interest income	34	
Dividend income	128	
Rental income	1,751	
Foreign exchange gain	46	
Other non-operating income	2	
<b>Non-operating expenses</b>		1,939
Interest expense	192	
Expenses related to rental assets	1,739	
Other non-operating expenses	7	
<b>Recurring income</b>		8,489
<b>Extraordinary loss</b>		563
Loss on valuation of investment securities	92	
Loss on valuation of investments in affiliated companies	470	
<b>Net income before income taxes</b>		7,926
Corporate income, inhabitant and enterprise taxes	197	
Deferred income taxes	104	301
<b>Net income</b>		7,624

## Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Stockholders' equity									
	Common stock	Additional paid -in capital			Retained earnings				Treasury stock	Total stockholders' equity
		Capital reserve	Other capital surplus	Total	Legal reserve	Other retained earnings		Total		
						General reserve	Retained earnings carried forward			
Balance as of March 31, 2007	10,000	2,500	217,744	220,244	1,645	26,104	9,196	36,946	(4,688)	262,503
Changes during the period										
Cash dividends							(7,162)	(7,162)		(7,162)
Net Income							7,624	7,624		7,624
Purchase of treasury stock									(10,235)	(10,235)
Disposal of treasury stock			(1,206)	(1,206)					3,739	2,533
Retirement of treasury stock			(8,662)	(8,662)					8,662	—
Net changes other than changes in stockholders' equity										
Total changes during the period	—	—	(9,869)	(9,869)	—	—	461	461	2,166	(7,240)
Balance as of March 31, 2008	10,000	2,500	207,875	210,375	1,645	26,104	9,658	37,408	(2,521)	255,262

	Valuation difference and translation adjustments		Stock subscription rights	Total net assets
	Other securities valuation difference	Total valuation difference and translation adjustments		
Balance as of March 31, 2007	2,206	2,206	577	265,286
Changes during the period				
Cash dividends				(7,162)
Net income				7,624
Purchase of treasury stock				(10,235)
Disposal of treasury stock				2,533
Retirement of treasury stock				—
Net changes other than changes in stockholders' equity	(3,236)	(3,236)	954	(2,282)
Total changes during the period	(3,236)	(3,236)	954	(9,522)
Balance as of March 31, 2008	(1,029)	(1,029)	1,531	255,764

## Notes to Non-Consolidated Financial Statements

All sums are shown in millions of yen and have been truncated.

### 1. Notes Concerning Significant Accounting Policies

(1) Valuation Basis and Methods for Assets:

Valuation basis and methods for securities:

(i) Bonds to be Held to Maturity:

Stated at amortized cost (straight-line method)

(ii) Shares of Subsidiaries and Affiliated Companies:

Stated at cost using the moving average method.

(iii) Other Securities:

Securities with market values:

Stated at market price method based on amounts estimated using, among other amounts, market prices, etc. on the last day of the fiscal year (valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method)

Securities without market values:

Stated at cost based on the moving average method

(2) Depreciation Methods for Fixed Assets:

(i) Property, Plant and Equipment:

The declining balance method was used.

The general useful life of property, plant and equipment is as follows:

Buildings 8 to 15 years

Tools, furniture and fixtures 5 to 15 years

(Change in accounting policies)

Due to the revision of the Corporation Tax Law, the Company changed the method of calculating the depreciation of property, plant and equipment acquired on or after April 1, 2007 for the accounting period of this fiscal year (from April 1, 2007 to March 31, 2008) based on the revised Corporation Tax Law.

The impact of that change on operating income, recurring income, and net income before income taxes is minimal.

(Additional information)

Due to the revision of the Corporation Tax Law, the Company, in respect of the property, plant and equipment acquired prior to March 31, 2007, is depreciating the amount of the difference between the memorandum value and an amount equivalent to 5% of the acquisition cost of the assets using the straight-line method over a period of 5 years, from the fiscal year following the fiscal year when the book value of the assets was depreciated to the amount equivalent to 5% of the acquisition cost based on the Corporation Tax Law prior to revision.

There is no impact of that change on operating income, recurring income, and net income before taxes.

(ii) Intangible Assets:

The straight-line method was used.

The general useful life of software is as follows:

Software (used internally) 5 years

(3) Basis for Recording Reserves:

(i) Provision for Directors' Bonus:

The Company provides for the amount expected to be payable for directors' bonus in the current fiscal year for the bonus payment.

(ii) Accrued Retirement and Severance Benefits:

The Company provides for retirement and severance benefits for employees based on estimated retirement benefit obligations as of the fiscal year-end.

(4) Accounting Policies for Translation of Foreign Currency Denominated Assets and Liabilities into Japanese Currency:

Monetary receivables and payables denominated in foreign currencies are translated at spot exchange rates prevailing at the last day of each fiscal year, and resulting gains or losses are included as profits or losses.

(5) Accounting Treatment of Consumption Tax, etc:

Consumption tax, etc. is accounted for separately and is not figured into each listed item.

2. Additional Information

(Legal action, etc)

The Company and its U.S. consolidated subsidiaries, etc. had a suit brought against them on October 5, 2006 in California by Game Ballers Inc., claiming compensatory damages in relation to certain business transactions. However a settlement was reached and a settlement agreement was concluded in September 2007. The Company did not incur a loss in respect of this settlement.

3. Notes to Non-Consolidated Balance Sheet

(1) Amount of accumulated depreciation of property, plant and equipment: ¥38 million

(2) Monetary claims and obligations with respect to affiliated companies (excluding amounts given in specific categories)

Short-term monetary claims on affiliated companies: ¥254 million

Short-term monetary obligations to affiliated companies: ¥52 million

4. Notes to Non-Consolidated Statement of Income

Transactions with affiliated companies (excluding amounts given in specific categories)

Operating Transactions:

General and administrative expenses ¥636 million

Non-operating Transactions:

Non-operating income ¥1,766 million

Non-operating expenses ¥156 million

5. Notes to Non-Consolidated Statement of Changes in Net Assets

The total number and category of treasury stock at the end of the current fiscal year

Common stock 1,371,202 shares

## 6. Notes Concerning Tax Effect Accounting

### (1) Breakdown of Main Reasons for Deferred Tax Assets

Deferred tax assets	
Loss on valuation of investments in affiliated companies	¥1,072 million
Stock remuneration expenses	¥448 million
Other securities valuation differences	¥418 million
Loss on valuation of investment securities	¥151 million
Accrued enterprise tax	¥55 million
Accrued bonuses	¥22 million
Others	¥22 million
Sub total deferred tax assets	¥2,191 million
Valuation allowance	(¥2,108 million)
Total deferred tax assets	¥82 million

### (2) Breakdown of the Main Reasons for the Difference between the Effective Legal Tax Rate and the Tax Rate, such as Adjusted Corporate Tax under Tax Effect Accounting

Effective legal tax rate	40.6%
(Adjustment)	
Items not permanently included in profits, such as dividends income	(40.0)
Impacted amount of indirect tax deductions	(6.5)
Increase in valuation allowance	6.6
Stock remuneration expenses	1.4
Others	1.7
Adjusted tax rate	3.8

## 7. Notes Concerning Fixed Assets Used under Lease Contracts

### (1) Lessees

#### Operating lease transactions

##### Future minimum lease payments

<u>Within one year</u>	<u>¥1,571 million</u>
<u>Over one year</u>	<u>¥4,320 million</u>
Total	¥5,891 million

### (2) Lessors

#### Operating lease transactions

##### Future minimum lease payments

<u>Within one year</u>	<u>¥1,595 million</u>
<u>Over one year</u>	<u>¥4,387 million</u>
Total	¥5,983 million

## 8. Notes Concerning Transactions with Related Companies

### Subsidiaries and affiliated companies, etc.

(Millions of yen)

Type	Company	Ratio of voting rights ownership	Relationship with related companies	Content	Amount	Account items	Balance at the end of this term
Subsidiary	Bandai Co., Ltd.	Holding directly 100.0%	Interlocking directorate	Receipt of dividends (Note 1)	3,463	—	—
				Borrowings (Note 2)	3,208 (Note 3)	Short-term borrowings from affiliated companies	5,000
				Payment of interest	15	—	—
Subsidiary	NAMCO BANDAI Games Inc.	Holding directly 100.0%	Interlocking directorate	Receipt of dividends (Note 1)	2,997	—	—
				Rental building	1,570	Deferred Income	139
				Borrowings (Note 2)	3,571 (Note 3)	Short-term borrowings from affiliated companies	3,500
				Payment of interest	23	—	—
Subsidiary	Banpresto Co., Ltd.	Holding directly 100.0%	—	Borrowings (Note 2)	3,000 (Note 3)	—	—
				Payment of interest	19	—	—
Subsidiary	Bandai Networks Co., Ltd.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 2)	2,601 (Note 3)	Short-term borrowings from affiliated companies	3,000
				Payment of interest	17	—	—
Subsidiary	Bandai Visual Co., Ltd.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 2)	4,101 (Note 3)	Short-term borrowings from affiliated companies	5,200
				Payment of interest	27	Accrued expenses	3
Subsidiary	Sunrise Inc.	Holding directly 91.5% Indirectly 7.6%	—	Borrowings (Note 2)	5,751 (Note 3)	Short-term borrowings from affiliated companies	8,000
				Payment of interest	39	Accrued expenses	5

Conditions of transactions and policies for determining the conditions of transactions

- (Notes) 1. The receipt of dividends is based on the Group Company's regulations.  
 2. The borrowings from subsidiaries are determined based on Group Company's regulations with consideration for the market interest rate.  
 3. The amount of borrowings is the average balance for the period of the borrowings.

9. Notes Concerning Per-Share Data	
Net assets per share:	¥998.13
Net income per share:	¥30.00

## 10. Other Notes

Matters Concerning Business Combinations, etc.  
(Transactions conducted by commonly controlled entities, etc.)

### I. Making Bandai Visual Co., Ltd. a wholly owned subsidiary

#### 1. Names and Business Content of Restructured Companies, Legal Form of Business Combination and Overview of Transaction including Transaction Objectives

##### (1) Names and Business Content of Restructured Companies

###### (i) Integrating Company (Parent company after share exchange)

Name: NAMCO BANDAI Holdings Inc. (the Company)  
Business content: Planning and implementation of management strategy and business management and instruction of the Group companies

###### (ii) Integrated Company (Wholly owned subsidiary after share exchange)

Name: Bandai Visual Co., Ltd.  
Business content: Planning, development and sale of visual and music contents.

##### (2) Legal Form of Business Combination

A summary share exchange was conducted for the Company as stipulated in Article 796, Paragraph 3 of the Companies Act, and a simplified share exchange was conducted for Bandai Visual, Co., Ltd. (Bandai Visual) as stipulated in Article 784, Paragraph 1 of the Companies Act.

##### (3) Overview of Transaction Including Transaction Objectives

The Company, with the goal of making Bandai Visual a wholly owned subsidiary, commenced a tender offer for Bandai Visual shares during the period from November 9, 2007 to December 10, 2007. Consequently, as of December 17, 2007, the Company acquired 134,824 shares of Bandai Visual, 93.63% of Bandai Visual's outstanding shares. The Company and Bandai Visual judged that making Bandai Visual a wholly owned subsidiary would promote (i) optimal efficiency in decision making under the Group's medium to long-term management strategy, (ii) business expansion by way of the effective use of comprehensive capabilities through Group synergies, and (iii) maximization of the value of the Group companies. Thus, as of December 17, 2007, both parties entered into a share exchange agreement to make Bandai Visual a wholly owned subsidiary of the Company ("the share exchange agreement"), and on February 21, 2008, the share exchange became effective, and Bandai Visual became a wholly owned subsidiary of the Company.

#### 2. Overview of Accounting Process

The accounting process for the non-consolidated financial statements and consolidated financial statements was handled in accordance with the provision of "Accounting for transactions conducted by commonly controlled entities, etc." of Article 3, Paragraph 4 of "the Accounting Standard for Business Combinations."

#### 3. Additional Acquisitions of Subsidiary Companies' Shares

##### (1) Acquisition Cost Detail

The acquisition cost was ¥1,866 million, which was paid solely from treasury stock.

##### (2) Type of Shares

Common shares

##### (3) The Share Exchange Ratio, Basis of Calculation, Number of Shares Delivered, and Their Valuation Amount

###### (i) Share Exchange Ratio

156 shares in the Company were delivered for one (1) share in Bandai Visual.

(ii) Basis of Calculation

To arrive at the above share exchange ratio, the market value method was used for the Company's shares; the discounted cash flow method, market value method, and comparable companies method were used for Bandai Visual's shares; and upon prudent consideration of the results of the evaluation so calculated and mutual deliberation, both parties agreed to the share exchange ratio stated above.

The Company and Bandai Visual chose, as the third-party advisor for each, Daiwa Securities SMBC Co. Ltd. and Nomura Securities Co., Ltd., respectively.

(iii) Number of Shares Delivered and Valuation Amount

Number of shares	1,431,456 shares
Valuation amount	¥1,866 million

(4) Amount, Source, Method and Period of Depreciation of Goodwill Incurred

(i) Amount of Goodwill: ¥1,064 million

(ii) Source:

The difference amount between the cost of acquiring additional shares of Bandai Visual and the decreased amount of minor shareholders' holdings was handled as goodwill.

(iii) Method and Period of Depreciation: Straight-line method, 5 years

## II. Making Bandai Networks Co., Ltd. a wholly owned subsidiary

### 1. Names and Business Content of Restructured Companies, Legal Form of Business Combination and Overview of Transaction Including Transaction Objectives

#### (1) Names and Business Content of Restructured Companies

(i) Integrating Company (Parent company after share exchange)

Name: NAMCO BANDAI Holdings Inc. (the Company).

Business content: Planning and implementation of management strategy and business management and instruction of the Group companies

(ii) Integrated Company (Wholly owned subsidiary after share exchange)

Name: Bandai Networks Co., Ltd.

Business content: Distributing content for mobile phones, website development, mail-order sales, etc.

#### (2) Legal Form of Business Combination

A summary share exchange was conducted for the Company as stipulated in Article 796, Paragraph 3 of the Companies Act, and a simplified share exchange was conducted for Bandai Networks, Co., Ltd. (Bandai Networks) as stipulated in Article 784, Paragraph 1 of the Companies Act.

#### (3) Overview of Transaction Including Transaction Objectives

The Company, with the goal of making Bandai Networks a wholly owned subsidiary, commenced a tender offer for Bandai Networks shares during the period from November 9, 2007 to December 10, 2007. Consequently, as of December 17, 2007, the Company acquired 177,951 shares in Bandai Networks, 92.00% of Bandai Networks' outstanding shares. The Company and Bandai Networks judged that making Bandai Networks a wholly owned subsidiary would promote (i) optimal efficiency in decision making under the Group's medium to long-term management strategy, (ii) business expansion by way of the effective use of comprehensive capabilities through Group synergies, and (iii) maximization of the value of the Group companies. Thus, as of December 17, 2007, both parties entered into a share exchange agreement to make Bandai Networks a wholly owned subsidiary of the Company ("the share exchange agreement"), and on February 21, 2008, the share exchange became effective, and Bandai Networks became a wholly owned subsidiary of the Company.

## 2. Overview of Accounting Process

The accounting process for the non-consolidated financial statements and consolidated financial statements was handled in accordance with the provisions of “Accounting for transactions conducted by commonly controlled entities, etc.” of Article 3, Paragraph 4 of “the Accounting Standard for Business Combinations.”

## 3. Additional Acquisitions of Subsidiary Companies’ Shares

### (1) Acquisition Cost Detail

The acquisition cost was ¥666 million, which was paid solely from treasury stock.

### (2) Type of Shares

Common shares

### (3) The Share Exchange Ratio, Basis of Calculation, Number of Shares Delivered, and Their Valuation Amount

#### (i) Share Exchange Ratio

33 shares in the Company were delivered for one (1) share in Bandai Networks.

#### (ii) Basis of Calculation

To arrive at the above share exchange ratio, the market value method was used for the Company’s shares; the discounted cash flow method, market value method, and comparable companies method were used for Bandai Networks’ shares; and upon prudent consideration of the results of the evaluation so calculated and mutual deliberation, both parties agreed to the share exchange ratio stated above.

The Company and Bandai Networks chose, as the third-party advisor for each, Daiwa Securities SMBC Co. Ltd. and PwC Advisory Co., Ltd., respectively.

#### (iii) Number of Shares and Valuation Amount

Number of shares	510,972 shares
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Valuation Amount	¥666 million
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### (4) Amount, Source, Method and Period of Amortization of Goodwill Incurred

(i) Amount of Goodwill: ¥39 million

#### (ii) Source:

The difference amount between the cost of acquiring additional shares of Bandai Networks and the decreased amount of minor shareholders’ holdings was handled as goodwill.

(iii) Method and Period of Amortization: Straight-line method, 5 years

# Accounting Auditor's Report Concerning the Consolidated Financial Statements

## Independent Auditors' Report

May 22, 2008

The Board of Directors  
NAMCO BANDAI Holdings Inc.

**KPMG AZSA & Co.**

Hiroshi Shiina (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Seiichi Sasa (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Yoshichika Kaneko (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, that is, the consolidated balance sheets, the consolidated profit and loss statements, consolidated statements of changes in net assets and notes to consolidated financial statements of NAMCO BANDAI Holdings Inc. for the consolidated fiscal year from April 1, 2007 to March 31, 2008 in accordance with Article 444, Paragraph 4 of the Companies Act. The preparation of the consolidated financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated financial statements are free of material false statement. An audit is performed on a test basis, and includes assessing the ' principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

We find that the aforementioned consolidated financial statements are compliant with corporate auditing standards generally accepted in Japan and that all of the important matters concerning property, losses, and profits for the consolidated fiscal year of these statements for NAMCO BANDAI Holdings Inc. and the Group consisting of consolidated subsidiaries are correctly listed.

Our firms and engagement partners have no interest with the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

END

## Accounting Auditors' Report Concerning the Non-Consolidated Financial Statements

### Independent Auditors' Report

May 22, 2008

The Board of Directors  
NAMCO BANDAI Holdings Inc.

#### **KPMG AZSA & Co.**

Hiroshi Shiina (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Seiichi Sasa (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

Yoshichika Kaneko (Seal)  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the non-consolidated financial statements, that is, the non-consolidated balance sheets, the non-consolidated profit and loss statements and its supplementary statements, non-consolidated statements of changes in net assets and notes to financial statements of NAMCO BANDAI Holdings Inc. for the 3rd fiscal year from April 1, 2007 to March 31, 2008 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act. The preparation of the non-consolidated financial statements and its supplementary statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the non-consolidated financial statements and its supplementary statements based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the non-consolidated financial statements and its supplementary statements are free of material false statement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and its supplementary statements. We believe that our audit provides a reasonable basis for our opinion.

We find that the aforementioned non-consolidated financial statements and its supplementary statements are compliant with corporate auditing standards generally accepted in Japan and that all of the important matters concerning property, profits and losses for non-consolidated financial statements and its supplementary statements are correctly listed.

Our firms and engagement partners have no interest with the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

END

## **Board of Corporate Auditors' Report**

### **Audit Report**

We, the Board of Corporate Auditors, prepared this audit report, as a unanimous opinion of all members of the Board of Corporate Auditors, on the execution of duties by Directors during the 3rd fiscal year from April 1, 2007 to March 31, 2008, based on audit reports prepared by each Corporate Auditor.

#### **1. Method and Content of Audits by Corporate Auditors and the Board of Corporate Auditors**

We devised the 3rd auditing plan (auditing policies, duties assigned to each Corporate Auditor and auditing methods), collected reports on the progress on, and results of, audits from each Corporate Auditor, as well as reports on the execution of their duties from Directors and Accounting Auditor, and requested explanations where necessary.

Each Corporate Auditor communicated with Directors, the internal auditing division, other employees, etc., in accordance with the internal regulations established by the Board of Corporate Auditors, such as Board of Corporate Auditors regulations, Corporate Auditors regulations, auditing standards for internal control system, and the above-mentioned auditing plan, to collect information and improve the auditing environment. They attended the meetings of the Board of Directors and other significant meetings, received reports on the execution of duties from Directors and employees, etc., obtained explanations thereof as necessary, viewed documents concerning important decisions, and investigated the conditions of operations and assets of the Company. They also monitored and verified the internal administrative system that was organized based on decisions by the Board of Directors in relation to the development of a system to ensure that the execution of duties by Directors and other operations of the Company were in conformity with applicable laws and regulations and the Company's Articles of Incorporation, and a system stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act. We further examined the content of basic policies (Article 127, Item 1 of the Enforcement Regulations of the Companies Act) and actions (Article 127, Item 2 of the Enforcement Ordinance of the Companies Act) described in business reports based on the meetings of the Board of Directors and other discussions. Regarding the Company's subsidiaries, we communicated and shared information with Directors and Corporate Auditors of the subsidiaries, and received reports as necessary from them. Using the aforementioned method, we examined the business reports and supplementary statements for the fiscal year under review.

Furthermore, we monitored and verified that Accounting Auditor remained independent and performed audits appropriately, and we were also notified that a "system for ensuring the proper execution of duties" (as per Article 159 of the Corporate Accounting Rules) was organized in accordance with "Quality Control Standards for Auditing" (October 28, 2005, Business Accounting Council), and requested explanations as necessary. Using the aforementioned method, we examined non-consolidated financial statements (non-consolidate balance sheet, non-consolidate statement of income, non-consolidated statement of changes in net assets, and notes thereto), supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes thereto) for the fiscal year under review.

## 2. Results of the Audit

(1) Audit Results of business report etc.

- (i) We confirm that the business report and its supplementary statements fairly represent the condition of the Company and are in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We confirm that, with respect to the execution of duties by Directors, there are no fraudulent acts, or material facts that violate applicable laws and regulations or the Articles of Incorporation.
- (iii) We confirm that the decisions made by the Board of Directors with regard to internal control systems are proper and that there is nothing to be cited in respect of the Directors' execution of their duties with regard to the said internal control systems.
- (iv) We confirm that there is nothing to be cited in respect of the basic policy described in the business reports concerning how controlling policy decisions regarding the financial and business activities of the Company should be made.

We confirm that actions (Article 127, Paragraph 2 of the Ordinance for Enforcement of the Companies Act) described in business reports are in accordance with this basic policy and that these actions do not damage our Group's value and shareholders' interest, nor serve to maintain the position of directors of the Company.

(2) Audit Result of non-consolidated financial statements and its supplementary statements.

We confirm that the methods and the results of the audit by KPMG AZSA & Co., the Accounting Auditor of the Company, are appropriate.

(3) Audit Result of consolidated financial statements

We confirm that the methods and the results of the audit by KPMG AZSA & Co., the Accounting Auditor of the Company, are appropriate.

May 23, 2008

Board of Corporate Auditors  
NAMCO BANDAI Holdings Inc.

Standing Corporate Auditor	Koichiro Homma	(Seal)
Standing Corporate Auditor	Katsutoshi Hirasawa	(Seal)
Outside Corporate Auditor	Osamu Sudo	(Seal)
Outside Corporate Auditor	Kouji Yanase	(Seal)

**END**

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal No.1 Appropriation of Surplus

Appropriation of surplus is as follows:

##### Fiscal Year-end Dividends

The Company places the return of profits to shareholders as one of its highest management priorities. The Company assumes its basic policy is to further strengthen the Group's competitiveness and, while maintaining a sound financial status, to achieve regular distributions of dividends and improvement in the Company's corporate value. In concrete terms, the Company's basic policy is to provide a return to shareholders that targets at a payout ratio of 30% in accordance with consolidated operational results and based on stable annual dividend payments of ¥24 per share.

In regard to dividends for the 3rd fiscal year, in consideration of the business results for the Company's fiscal year, we would like to make the year-end dividend of ¥12 per share.

Since we paid an interim dividend of ¥12 per share on December 10, 2007, the total annual dividend for the fiscal year will be ¥24 per share.

- (i) Type of dividend assets:  
Cash
- (ii) Allocation of dividend assets to be paid to shareholders and total amount of dividend:  
¥12 per share of common stock of the Company  
Total amount of dividends would be ¥3,056,507,868
- (iii) Date on which the appropriation of surplus goes into effect:  
June 24, 2008

**Proposal No.2** Election of Eleven (11) Directors

Since the terms of office of the ten (10) Directors of the Company will expire as of the conclusion of this General Meeting of Shareholders, the Company requests the election of eleven (11) Directors, including one additional director to strengthen management foundation.

The candidates for the Directors are as follows:

Candidate No.	Name (Date of Birth)	Brief Personal History (Positions, Duties and Representation of Other Companies)	Number of Shares of the Company Owned
1	Takeo Takasu (June 24, 1945)	Apr. 1968: Joined the Sanwa Bank Ltd. (currently the Bank of Tokyo Mitsubishi UFJ, Ltd.) Oct. 1993: General Manager, Los Angeles Branch, the Sanwa Bank Ltd. Apr. 1996: Joined Bandai Co., Ltd. as General Manager, Planning Office Jun. 1996: President and Representative Director, Bandai Holding Corp. Jun. 1997: Managing Director, Bandai Co., Ltd. Mar. 1999: President and Representative Director, Bandai Co., Ltd. Jun. 2005: Chairman and Representative Director, Bandai Co., Ltd. Sep. 2005: President and Representative Director of the Company (current position) May 2007: Chairman of The Japan Toy Association (current position) (Representation of other companies) Chairman of The Japan Toy Association	71,650 Shares

Candidate No.	Name (Date of Birth)	Brief Personal History (Positions, Duties and Representation of Other Companies)	Number of Shares of the Company Owned
2	Jun Higashi (April 18, 1953)	<p>Apr. 1976: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p>Apr. 1990: General Manager, Sales Planning Department of NAMCO LIMITED</p> <p>Jun. 1991: Director and General Manager, Sales Planning Department of NAMCO LIMITED</p> <p>Jun. 1999: Executive Officer and General Manager, Sales Planning Headquarters of NAMCO LIMITED</p> <p>May 2002: Managing Executive Officer and President, ET Company of NAMCO LIMITED</p> <p>Apr. 2004: Senior Managing Executive Officer and President, ET Company of NAMCO LIMITED</p> <p>Jun. 2004: Director and President, ET Company of NAMCO LIMITED</p> <p>Apr. 2005: Executive Vice President and Representative Director in charge of location business and President, ET Company of NAMCO LIMITED</p> <p>Mar. 2006: President and Representative Director of NAMCO LIMITED*</p> <p>Jun. 2006: Director of the Company</p> <p>Jun. 2007: Director in charge of Amusement Facility SBU of the Company</p> <p>Apr. 2008: Director in charge of supervision of all SBU of the Company (current position)</p> <p>* Newly established company through the split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p>	3,300 Shares
3	Shuji Ohtsu (August 6, 1959)	<p>Mar. 1986: Admitted to the CPA in Japan</p> <p>Dec. 1996: Partner of Century Audit Corporation</p> <p>Jan. 2000: Partner of Century Ota Showa &amp; Co. (currently Ernst &amp; Young ShinNihon)</p> <p>Sep. 2003: Partner of KPMG AZSA &amp; Co.</p> <p>May 2004: Board Member of KPMG AZSA &amp; Co.</p> <p>Oct. 2007: Joined the Company as Adviser (current position)</p>	--- Shares

Candidate No.	Name (Date of Birth)	Brief Personal History (Positions, Duties and Representation of Other Companies)	Number of Shares of the Company Owned
4	Yusuke Fukuda (February 9, 1961)	<p>Apr. 1985: Joined Bandai Co., Ltd.</p> <p>Apr. 2001: Executive Officer and General Manager, the President Office of Bandai Co., Ltd.</p> <p>Apr. 2006: Director in charge of Group Policy and General Manager, the President Office and the Business Strategy Office of Bandai Co., Ltd.</p> <p>Apr. 2008: Director of Bandai Co., Ltd. (current position) Joined the Company as Adviser and in charge of Corporate Planning Division (current position)</p>	3,000 Shares
5	Kazunori Ueno (September 16, 1953)	<p>Apr. 1977: Joined Bandai Co., Ltd.</p> <p>Apr. 1991: General Manager, Candy Toy / Vending Machine Business Department of Bandai Co., Ltd.</p> <p>Jun. 2001: Director in charge of the Toy Business Projects and General Manager, Character Toy Business Department of Bandai Co., Ltd.</p> <p>Apr. 2003: Managing Director and President, Toys &amp; Hobby Company and Chief Gundam Officer (CGO) of Bandai Co., Ltd.</p> <p>Jun. 2005: President and Representative Director, and Chief Gundam Officer (CGO) of Bandai Co., Ltd. (current position)</p> <p>Sep. 2005: Director of the Company</p> <p>Jun. 2007: Director in charge of Toys and Hobby SBU of the Company (current position)</p> <p>(Representation of other companies) President of Bandai Co., Ltd.</p>	14,450 Shares

Candidate No.	Name (Date of Birth)	Brief Personal History (Positions, Duties and Representation of Other Companies)	Number of Shares of the Company Owned
6	Masahiro Tachibana (April 16, 1951)	<p>Apr. 1978: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p>Jul. 1986: General Manager, Operations Division of NAMCO LIMITED</p> <p>Jun. 1988: Director in charge of Operations Representative and General Manager, Operations Division of NAMCO LIMITED</p> <p>Jun. 1989: Managing Director in charge of Operations, and General Manager, Operations Division of NAMCO LIMITED</p> <p>Jun. 1994: Representative Director and Managing Director of NAMCO LIMITED</p> <p>Apr. 2004: Representative Director, Senior Managing Director, and President, CT Company and Head of CT Control Division of NAMCO LIMITED</p> <p>Apr. 2005: Senior Managing Director of NAMCO LIMITED</p> <p>Sep. 2005: Director in charge of domestic market of the Company</p> <p>Apr. 2008: Director in charge of Amusement Facility SBU of the Company (current position) President and Representative Director of NAMCO LIMITED (current position)</p> <p>(Representation of other companies) President of NAMCO LIMITED (*) * Newly established company through the split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p>	14,200 Shares
7	Shukuo Ishikawa (April 15, 1955)	<p>Apr. 1978: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p>Aug. 1991: General Manager, EM Development Department of NAMCO LIMITED</p> <p>Jun. 1995: Director in charge of Development Division II, General Manager, EM Development Department and VS Development Department of NAMCO LIMITED</p> <p>Jun. 1999: Managing Director in charge of Research, Development and Production, and Development Division II of NAMCO LIMITED</p> <p>Apr. 2005: Executive Vice President and Representative Director in charge of contents business of NAMCO LIMITED</p> <p>Apr. 2006: President and Representative Director of NAMCO BANDAI Games Inc. (current position)</p> <p>Jun. 2006: Director of the Company</p> <p>Jun. 2007: Director in charge of Game Contents SBU of the Company (current position)</p> <p>(Representation of other companies) President of NAMCO BANDAI Games Inc.</p>	2,300 Shares

Candidate No.	Name (Date of Birth)	Brief Personal History (Positions, Duties and Representation of Other Companies)	Number of Shares of the Company Owned
8	Satoshi Oshita (July 3, 1953)	<p>Mar. 1976: Joined Bandai Co., Ltd.  Apr. 1992: General Manager, Toy Marketing Department of Bandai Co., Ltd.  Jun.1999: Executive Officer and Deputy Division Head, Consumer Business Division, and General Manager, SWAN business Department of Bandai Co., Ltd.  Mar. 2002: Joined Bandai Networks Co., Ltd. as Executive Manager  Jun. 2002: President and Representative Director of Bandai Networks Co., Ltd. (current position)  Jun. 2007: Director in charge of Network SBU of the Company (current position)</p> <p>(Representation of other companies)  President of Bandai Networks Co., Ltd.</p>	15,000 Shares
9	Kazumi Kawashiro (November 4, 1959)	<p>Apr. 1982: Joined Canyon Records. Inc  Jul. 1989: Joined Bandai Co., Ltd.  Apr. 1994: Joined Bandai Visual Co., Ltd.  Mar. 1999: Deputy Division Head, Visual Business Division, and General Manager, Visual Planning Department of Bandai Visual Co., Ltd.  May 1999: Director, Deputy Division Head, Visual Business Division, and General Manager, Visual Planning Department of Bandai Visual Co., Ltd.  May 2003: President and Representative Director of Bandai Visual Co., Ltd. (current position)  Jun. 2007: Director in charge of Visual and Music Content SBU of the Company (current position)</p> <p>(Representation of other companies)  President of Bandai Visual Co., Ltd.</p>	1,100 Shares
10	Masatake Yone (July 8, 1954)	<p>Apr. 1981: Admitted to the bar in Japan  Mar. 1987: Admitted to the bar in the State of New York  Jan. 1989: Partner, Mori Sogo law firm (currently Mori Hamada and Matsumoto law firm) (current position)  Sep. 2005: Director of the Company (current position)</p> <p>(Representation of other companies)  Partner, Mori Hamada and Matsumoto law firm</p>	--- Shares

Candidate No.	Name (Date of Birth)	Brief Personal History (Positions, Duties and Representation of Other Companies)	Number of Shares of the Company Owned
11	Kazuo Ichijo (October 13, 1958)	<p>Apr. 1988: Full-time Instructor in the Faculty of Social Sciences, Hitotsubashi University</p> <p>Oct. 1993: Associate Professor in the Faculty of Social Sciences, Hitotsubashi University</p> <p>Apr. 2001: Professor in the Graduate School of Social Sciences, Hitotsubashi University</p> <p>Jun. 2005: Director of Bandai Co., Ltd.</p> <p>Sep. 2005: Director of the Company (current position)</p> <p>Apr. 2007: Professor in the Graduate School of International Corporate Strategy, Hitotsubashi University (current position)</p>	--- Shares

(Notes)

1. Both Mr. Masatake Yone and Mr. Kazuo Ichijo are candidates for Outside Director. Both candidates are currently Outside Directors of the Company and, at the conclusion of this General Meeting of Shareholders, it will be about two years and nine months since they assumed their respective positions. A Liability Limitation Agreement under the Companies Act Article 427, Paragraph 1 has not been concluded between either of these two candidates and the Company.

(1) Competence as Outside Director

Though Mr. Masatake Yone has not been involved in the management of a company other than through his role as an Outside Director or Outside Corporate Auditor in the past, the reason for proposing Mr. Yone as a candidate for Outside Director arises from the expectation that, due to his activity as an attorney over many years, he will be able to supervise and review the Company's management, mainly from a legal risk perspective, and that he will be able to appropriately fulfill the duties of an Outside Director.

Though Mr. Kazuo Ichijo has not been involved in the management of a company other than through his role as an Outside Director or Outside Corporate Auditor in the past, the reason for proposing Mr. Ichijo as a candidate for Outside Director arises from the expectation that, due to his teaching experience and his research into organizational theory, etc. over many years at a university, he will be able to use that knowledge to supervise and review the Company's management and that he will be able to appropriately fulfill the duties of an Outside Director.

(2) Independence as an Outside Director

As the property to be described pursuant to Article 74, Paragraph 4, Item 6 (b) of the Ordinance for Enforcement of the Companies Act, NAMCO BANDAI Games Inc. has paid remuneration to Mori Hamada and Matsumoto Law Firm, in which Mr. Masatake Yone is a partner, for legal work.

Bandai Co., Ltd. paid remuneration to Mr. Kazuo Ichijo as an advisor in matters relating to education and training. However, he does not currently receive the said advisory remuneration from Bandai Co., Ltd.

2. As mentioned in 1. (2) above, NAMCO BANDAI Games Inc. pays remuneration to Mori Hamada and Matsumoto law firm, in which Mr. Masatake Yone is a partner, for legal work. There are no special interests between other candidates and the Company.

END