NAMCO BANDAI Holdings Inc.

Notice of the Fifth Ordinary General Meeting of Shareholders to be held on June 21, 2010

An English translation of the original notice in Japanese

DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Fifth Ordinary General Meeting of Shareholders of NAMCO BANDAI Holdings Inc.” which meeting is to be held on June 21, 2010. 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 Japanese original notice shall prevail.

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

Securities code: 7832
May 31, 2010

4-5-15 Higashi-Shinagawa, Shinagawa-ku, Tokyo
NAMCO BANDAI Holdings Inc.
President and Representative Director
Shukuo Ishikawa

Dear Shareholders,

NOTICE OF THE FIFTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Fifth 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, we ask you to please review the enclosed "Reference Documents for the General Meeting of Shareholders" and exercise your voting rights by either of the methods stated on the next page by 5:30 p.m., Saturday, June 19, 2010.

Meeting Details

1. **Date and Time:** June 21, 2010 (Monday) at 10:00 a.m.

2. **Place:** "Hiten," Grand Prince Hotel New Takanawa
3-13-1 Takanawa, Minato-ku, Tokyo

3. **Purpose of the Meeting**:

Matters to be Reported:

1. Report on the Contents of the 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 Fifth Fiscal Year (from April 1, 2009 to March 31, 2010)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Fifth Fiscal Year (from April 1, 2009 to March 31, 2010)

Matters to be Resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Nine (9) Directors
Proposal No. 3: Election of Four (4) Corporate Auditors

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 the completed form so that it arrives by the deadline stated on the preceding page.

Exercise of Voting Rights via the Internet:

1) Please access the website designated by the Company for the exercise of voting rights (http://www.evote.jp/) via the Internet. Using the log-in ID and temporary password shown on the enclosed Voting Rights Exercise Form, follow the on-screen instructions and enter your approval or disapproval of each item on the agenda and send them by the deadline stated on the preceding page.

Institutional investors may make use of the Tokyo Stock Exchange’s Electronic Voting Platform (commonly known as the TSE Platform).

2) If you exercise your voting rights more than once via both postal mail and the Internet, then only the vote cast via the Internet shall be deemed valid.

In addition, if you cast your vote via the Internet multiple times, then only the last vote cast shall be deemed valid. If you cast your vote via the Internet using both a personal computer and a mobile phone, then only the last vote cast shall be deemed valid.

◎ If you attend the meeting in person, please hand in the enclosed Voting Rights Exercise Form at the reception desk 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,” the “Non-Consolidated Financial Statements” and the “Consolidated Financial Statements” are required, the Company shall publish a notification on the Company website at the following URL: (http://www.bandainamco.co.jp/ir/stock/meeting/index.html).

◎ When exercising your voting rights via the Internet, please see “Information on Exercise of Voting Rights via the Internet” on page 4 of this document. If you attend the meeting in person, you do not need to follow the procedures for the exercise of voting rights via postal mail (sending the Voting Rights Exercise Form) or via the Internet.

[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 Company's designated website for exercise of voting rights (http://www.evote.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.
   * "i-mode," "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DOCOMO, INC., KDDI Corporation, and Yahoo Inc. in the U.S., respectively.

2. Please note that you may not be able to exercise your voting rights via PC on the designated website for the 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.

3. When exercising voting rights via mobile phone, you must use one of the following services: i-mode, EZweb or Yahoo! Mobile. For security reasons, you cannot vote using mobile handsets that cannot send encrypted information (SSL communications) or that cannot send information of the mobile phone used.

4. Please note that, in order to prevent unauthorized access to the designated website by individuals other than shareholders (persons impersonating shareholders) and to prevent the alteration of votes, we request that you change your "temporary password" to a permanent password on the designated website for the exercise of voting rights, when you want to exercise your voting rights via the Internet.

5. All costs associated with accessing the website for the 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, all 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, etc., 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, 2009 to March 31, 2010)

1. Current Status of the Group

(1) Business Status for This Fiscal Year

(i) Business Progress and Results

In this fiscal year, during the global economic recession, there were visible signs of a partial recovery in the economy in the context of government deployment of emergency economic stimulus measures and other factors. However, economic conditions remained harsh due to, among other things, weakness in the self-sustainability of the recovery and high unemployment rates. Reduced consumption had a substantial impact on the entertainment industry, causing continued uncertainty in the industry as a whole.

In this environment, the Group has worked to put in place the global management foundation adopted in the three-year Mid-term Business Plan that has been implemented since April 2009. Moreover, prior to launching “The BANDAI NAMCO Group Restart Plan” in April 2010, for the purpose of a more assured implementation of the global management foundation, the Group carried out steps, including a review of its personnel structure, to improve profitability.

On the business front, although long-established character toys in the Toys and Hobby Business posted strong performance figures in Japan, amidst weak individual consumption world-wide, overall results for the Group were harsh, especially in the Game Contents Business.

Consequently, the Group’s consolidated results at fiscal year-end were net sales of 378,547 million yen (year-on-year decrease of 11.2%), operating income of 1,883 million yen (year-on-year decrease of 91.6%), and recurring income of 1,907 million yen (year-on-year decrease of 92.2%). Moreover, the Group recorded losses on, among other things, the amusement facilities scheduled to be closed in the following fiscal year and recorded expenses related to the review of its personnel structure. Further, as a result of strict examination of the future business plans of certain subsidiaries, an impairment loss on goodwill was recognized, and there was a withdrawal of a fixed amount from deferred tax assets. As a result, the Group recorded a net loss of 29,928 million yen (compared with a net income of 11,830 million yen in the previous fiscal year).

(ii) Outline of Business by Business Segment

(Millions of yen)

Business Segment	Net Sales			Operating Income (Loss)		
	Year Ended March 31, 2010	Year Ended March 31, 2009	Change	Year Ended March 31, 2010	Year Ended March 31, 2009	Change
Toys and Hobby	148,843	165,725	Decrease of 16,881	10,786	11,533	Decrease of 746
Game Contents	137,528	149,891	Decrease of 12,362	Loss of 6,845	11,609	Decrease of 18,454
Visual and Music Content	29,236	34,638	Decrease of 5,402	Loss of 871	38	Decrease of 910
Amusement Facility	65,362	77,269	Decrease of 11,907	284	393	Decrease of 108
Other Businesses	17,452	19,009	Decrease of 1,556	358	565	Decrease of 206
Eliminations and Corporate	(19,876)	(20,133)	Increase of 257	(1,828)	(1,792)	Decrease of 36
Consolidated	378,547	426,399	Decrease of 47,852	1,883	22,348	Decrease of 20,464

(Note) In this fiscal year, the Network Business was merged with the Game Contents Business. Thus, the Game Contents Business figures for the previous fiscal year, shown above, include the previous fiscal year's Network Business figures.

Toys and Hobby Business

In the Toys and Hobby Business, long-established character toys, such as the *MASKED RIDER* series and *FRESH PRETTY CURE !*, posted strong performance figures in Japan, mainly during the Christmas shopping season. Also, *Tamagotchi*, for which there were tie-ups to a made-for-television animation, and the DATA CARDDASS *MASKED RIDER BATTLE: GANBARIDE* became popular. In addition, *HYPER YO-YO* and *VooV*, both of which were launched to expand the target population for the purpose of aiming for the overwhelming position of No. 1 in Japan, made favorable starts.

Overseas, despite the strong sales of *BEN10* character toys, overall performance was weak, especially in the Americas where the competitive environment was particularly fierce.

As a result, net sales in the Toys and Hobby Business were 148,843 million yen (year-on-year decrease of 10.2%), and operating income was 10,786 million yen (year-on-year decrease of 6.5%).

Game Contents Business

In the Game Contents Business, although some signs of recovery were discernible for home video game software, such as by the fact that *GOD EATER* for PlayStation Portable was launched in Japan and proved popular, this business segment as a whole faced difficulties mainly with small to medium size game titles. Overseas, *Tekken 6,* released for the PlayStation 3 and Xbox 360, was a hit. However, a lack of other hit titles in a depressed market kept performance sluggish.

As for arcade game machines, despite the launch of the force-feedback battle party game *TANK! TANK! TANK!* in this fiscal year and repeat sales of machines launched in the previous fiscal year, performance did not reach the level of the previous fiscal year, when large medal machines and other machines were popular.

In addition, amortization of goodwill was recorded with respect to NAMCO BANDAI Partners S.A.S., which became a wholly owned subsidiary of the Company this fiscal year.

As a result, net sales in the Game Contents Business were 137,528 million yen (year-on-year decrease of 8.2%), and operating loss was 6,845 million yen (compared with an operating income of 11,609 million yen in the previous fiscal year).

Visual and Music Content Business

In the Visual and Music Content Business, *GUNDAM 30th ANNIVERSARY COLLECTION, Psalms of Planets Eureka Seven*, and other visual package software were popular in Japan. In addition, application of the new business model, which called for simultaneous worldwide development through special theater screenings, packaged product sales, and on-demand distribution, helped to make the first episode of *Mobile Suit Gundam UC (Unicorn)* a huge hit. However, amidst a stagnant package software market, the visual package software business as a whole faced steep challenges. On the other hand, sales of music package software were solid, particularly for animation-related music. Overseas, the profitability of business in the Americas improved through greater efficiency of the business.

As a result, net sales in the Visual and Music Content Business were 29,236 million yen (year-on-year decrease of 15.6%), and operating loss was 871 million yen (compared with an operating income of 38 million yen in the previous fiscal year).

Amusement Facility Business

In the Amusement Facility Business, implementation of different marketing strategies for each customer segment in Japan led to glimmers of a gradual recovery in sales at existing facilities, but their sales remained sluggish, at 91.2% of the figure for the previous fiscal year. Costs, on the other hand, were reduced as a result of the strategic closure or sale of 63 facilities, most of which were unprofitable, in the previous fiscal year, and the ongoing efforts to improve business efficiency. Overseas, despite efforts to improve operational efficiency in the Americas and business development in Europe centered on complex facilities, overall performance was sluggish.

As a result, net sales in the Amusement Facility Business were 65,362 million yen (year-on-year decrease of 15.4%), and operating income was 284 million yen (year-on-year decrease of 27.5%).

Number of Facilities

Directly Managed Facilities	Revenue-Sharing Facilities	Other	Total
289	896	5	1,190

Other Businesses

Other Businesses consist of companies that conduct operations, such as logistics support and building management for each of the Group’s strategic business units. During this fiscal year, efforts were made to improve the efficiency of these operations related to group support. However, due to a decline in the amount of work handled, performance did not reach the level of the previous fiscal year.

As a result, net sales in the Other Businesses were 17,452 million yen (year-on-year decrease of 8.2%), and operating income was 358 million yen (year-on-year decrease of 36.6%).

(iii) Capital Expenditures

In this fiscal year, the Group carried out 11,587 million yen in capital expenditures; the funds were primarily used for investments in the manufacturing of molds associated with the development of new products and in amusement facilities and machines.

(iv) Fundraising

The Group carried out no significant fundraising during this fiscal year.

(v) Transfers of Business, 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 Legal Entities, etc. due to Absorption-Type Mergers or Absorption-Type Company Splits

On April 1, 2009, NAMCO BANDAI Games Inc. and Bandai Networks Co., Ltd., each of which was a subsidiary of the Company, implemented a merger where NAMCO BANDAI Games Inc. is the surviving company and the Company succeeded to a part of the share management business that had been carried out by Bandai Networks Co., Ltd by way of an absorption-type company split.

On that same date, BANDAI VISUAL CO., LTD. and ANIME CHANNEL, CO., LTD., each of which was a subsidiary of the Company, implemented a merger where BANDAI VISUAL CO., LTD. is the surviving company.

(viii) Acquisitions and Disposals of Shares, Other Equities, and Stock Subscription Rights in Other Companies

On July 7, 2009, NAMCO BANDAI Games Europe S.A.S, a subsidiary of the Company, additionally acquired shares in Distribution Partners S.A.S., which made that company and its 18 subsidiaries into wholly owned subsidiaries.

Distribution Partners S.A.S. has changed its corporate name to NAMCO BANDAI Partners S.A.S..

On October 1, 2009, NAMCO BANDAI Games Inc., a subsidiary of the Company, implemented an incorporation-type company split, under which NAMCO BANDAI Online Inc. was newly incorporated as a subsidiary.

(2) Status of Assets and Profits & Losses for the Previous Three Fiscal Years

Fiscal Year / Classification	2nd Fiscal Year (Year Ended March 31, 2007)	3rd Fiscal Year (Year Ended March 31, 2008)	4th Fiscal Year (Year Ended March 31, 2009)	5th Fiscal Year (the Current Fiscal Year) (Year Ended March 31, 2010)
Net sales (Millions of yen)	459,132	460,473	426,399	378,547
Recurring income (Millions of yen)	45,615	36,198	24,513	1,907
Net income (loss) (Millions of yen)	24,252	32,679	11,830	(29,928)
Net income (loss) per share	¥95.73	¥128.65	¥47.95	(¥123.98)
Total assets (Millions of yen)	408,490	413,023	363,444	325,935
Net assets (Millions of yen)	284,254	289,944	260,579	229,012
Net assets per share	¥1,063.29	¥1,127.72	¥1,067.71	¥938.74

(3) Important Parent Company and Subsidiaries

(i) Relationship with the Parent Company

Not applicable.

(ii) Important Subsidiaries

Name of Company	Capital	Ownership Ratio	Description of Principal Business
Bandai Co., Ltd.	¥ 24,664 million	100.0%	Manufacturing and sales of toys and apparel, etc.
NAMCO BANDAI Games Inc.	¥ 15,000 million	100.0%	Planning, development and sales of home video game software and arcade game machines, etc., and distribution service of mobile content, etc.
BANDAI VISUAL CO., LTD.	¥ 2,182 million	100.0%	Planning, production and sales of visual software, etc.
NAMCO LIMITED	¥ 10,000 million	100.0%	Operation of amusement facilities, etc.
NAMCO BANDAI Holdings (USA) Inc.	US$ 10	100.0%	Pure holding company in the U.S.
BANDAI S.A.	€ 21,690,000	100.0%	Operating holding company in some parts of Europe. Import and sales of toys, etc.
NAMCO Holdings UK LTD.	£ 29,500,000	100.0%	Pure holding company in some parts of Europe
BANDAI (H.K.) CO., LTD.	HK$ 103,000,000	100.0%	Operating holding company in Asian region. Import, manufacturing and sales of toys, etc.

(Notes) 1. Bandai Networks Co., Ltd. merged with and was absorbed by NAMCO BANDAI Games Inc. on April 1, 2009.

2. BANDAI S.A. carried out a capital increase by a debt equity swap and a contribution in kind where shares of subsidiaries owned by the Company were contributed on February 25, 2010.

3. NAMCO Holdings UK LTD. carried out a capital increase by a contribution in kind where shares of subsidiaries owned by the Company were contributed on February 25, 2010.

(4) Issues to be Addressed

The Group and this industry must address many important, long-term issues, including (i) the increasing diversification of consumer needs, (ii) reacting to changes in the market and the environment, and (iii) increasingly intense competition on a global scale. To address these issues, the Group is using “Focus,” a business strategy called for in its Mid-term Business Plan, to clarify the mission of each of its business units.

In addition, given the difficult economic environment that now prevails and the Group’s decline in profitability, the Group, seeking to realize its medium- to long-term Group vision of becoming a “Globally Recognized Entertainment Group,” began implementing the “BANDAI NAMCO Group Restart Plan” in April 2010 under the new management structure, to transform itself into a speedy Group and to improve its profitability and strengthen its financial standing.

(i) Common Issues Faced by All Strategic Business Units ("SBUs")

Efforts Toward Domestic Business Expansion

The Group will, in order to create new markets and attract new customer segments for the expansion of its domestic operations, maximize utilization of the managerial resources that it owns and expand its targets and categories through making effective use of synergies between its business units, alliances with external partners, and other approaches. In addition, in response to the changes in the environment surrounding the entertainment industry, the Group will tackle a variety of tasks with speed without resorting to existing business practices and models. It will also strive for improved efficiency in the Group as a whole by taking actions such as a review of indirect operations.

Efforts Toward Overseas Business Expansion

Based on the strategies laid out in the Mid-term Business Plan, the Group will proactively invest in ways that are directed at dynamic growth in the Toys and Hobby SBU and the Content SBU in the European and North American markets. In particular, it will expand the business categories and regions for the Toys and Hobby Business and maximize the value of its content focusing on home video game software content with a view to expanding overseas operations.

Efforts Toward Changing the Content Strategy

The Group is reinforcing its content creation, acquisition, development, and utilization functions in order to respond to changes in the environment, including the development of oligopolies in the distribution and media fields and the widespread penetration of networks. Specifically, the Contents Business Strategy Meeting, which crosscuts the entire Group, focuses on maximizing the value of each content. The Group also founded the IP Project on April 1, 2010, to aim for more vigorous creation and acquisition of new content.

Efforts Toward Corporate Social Responsibility (CSR)

The Group's corporate philosophy is to continue 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 the CSR initiatives, which are crosscutting the Group and that include three types of responsibilities: environmental and social contribution responsibilities, economic responsibilities, and legal and ethical responsibilities. In accordance with these fundamental principles, a range of measures is being implemented by the Group CSR Committee and its sub-committees—the Group Social Contribution Committee and the Group Environmental Committee, as well as by the Group Risk Compliance Committee, the Group Information Security Committee, and the Internal Control Committee.

(ii) Issues Specific to Each SBU

Toys and Hobby SBU

This unit's industry is facing issues, such as a "shrinking domestic market due to the falling birthrate" and "increasingly diverse consumer needs." This unit is addressing these issues by aiming for the overwhelming position of No. 1 in Japan, expanding its target population segment, and creating new businesses, as well as by working to reinforce its existing operations, expand its categories, and expand the business regions in the overseas market, particularly in the European and North American markets. For the purpose of a more efficient and effective implementation of these actions, this unit will actively devote managerial resources, especially in Europe and North America, with a view to building cooperative relationships with external partners.

Content SBU

This unit's industry is facing issues, such as the "diversification of both platforms and customer needs." The Group integrated the Game Contents Business and Visual and Music Content Business in April 2010 and the Group will review development based on existing business categories and drive forward business strategies based on the Group's content, which will allow the Group to respond swiftly to changing customers' needs throughout the world and to maximize the value of the Group's content. Within this business unit, the Production Group, which focuses on creation and acquisition of content, will be an aggregator of smaller organizations and provide rapid response to changing customer needs by delegating its authority. In the medium term, this unit will reinforce its development and sales structures to expand its business, focusing on home video game software in the European and North American markets and to create and strengthen franchise titles suitable for worldwide deployment.

Amusement Facility SBU

"Increasingly diverse consumer needs," "weak individual consumption," and a "revision of consumption tax rate" are among the issues for this unit's industry. To address these issues, by using its know-how in character merchandizing, especially in its domestic operations, this unit will drive the operation of more differentiated facilities and provision of services with the added value that only the Group can offer. In addition, this unit will work to improve profitability by specializing in its core operations and closing unprofitable facilities throughout the world.

We ask for our shareholders' further assistance and guidance.

(5) Description of the Principal Businesses

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

(Note) The Network Business was merged with the Game Contents Business on April 1, 2009.

(6) Principal Business Offices of the Group

(i) The Company

Head Office	4-5-15 Higashi-Shinagawa, Shinagawa-ku, Tokyo

(Note) On June 23, 2009, the Company moved its head office (location of its headquarters) from Minato-ku, Tokyo, to Shinagawa-ku, Tokyo.

(ii) Principal Subsidiaries

Bandai Co., Ltd.	Taito-ku, Tokyo
NAMCO BANDAI Games Inc.	Shinagawa-ku, Tokyo
BANDAI VISUAL CO., LTD.	Shinagawa-ku, Tokyo
NAMCO LIMITED	Ota-ku, Tokyo
NAMCO BANDAI Holdings (USA) Inc.	California, U.S.A.
BANDAI S.A.	Cergy-Pontoise, France
NAMCO Holdings UK LTD.	London, U.K.
BANDAI (H.K.) CO., LTD.	Kowloon, Hong Kong

(Note) Bandai Networks Co., Ltd. merged with and was absorbed by NAMCO BANDAI Games Inc. on April 1, 2009.

(7) Outline of Employees

(i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	2,051	(1,364)	Increase of 100	(Decrease of 254)
Game Contents Business	3,271	(324)	Increase of 518	(Increase of 4)
Visual and Music Content Business	288	(11)	Increase of 4	(Decrease of 8)
Amusement Facility Business	1,190	(4,743)	Decrease of 117	(Decrease of 758)
Other Businesses	495	(314)	Decrease of 2	(Increase of 12)
Corporate (Common)	257	(35)	Increase of 16	(Decrease of 7)
Total	7,552	(6,791)	Increase of 376	(Decrease of 1,057)

(Notes) 1. The number of employees refers to the employees actually at work.

2. The numbers in parentheses listed for "Number of Employees" are the average numbers of temporary personnel employed for this fiscal year.
3. The number of employees listed for "Corporate (Common)" is the number of employees of the administration sector, etc. of the Company and NAMCO BANDAI Holdings (USA) Inc.
4. The total number of employees includes 275 former employees who retired on March 31, 2010 due to, among other things, the Group's offer for employees to take voluntary retirement and participate in voluntary early retirement programs.
5. The Network Business was merged with the Game Contents Business on April 1, 2009.

(ii) Employees of the Company

Number of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Service
254	Increase of 17	37.9	11.6

(Notes) 1. The number of employees refers to the employees actually at work.

2. In calculating the average years of service, with respect to the employees who have transferred from other Group companies, including Bandai Co., Ltd. and NAMCO BANDAI Games Inc., to the Company, the aggregate number of each employee's years of service at each company is used for calculation.

(8) Principal Lenders

Lenders	Amount
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥6,155 million
Sumitomo Mitsui Banking Corporation	¥3,830 million
Mizuho Corporate Bank, Ltd.	¥1,164 million
Mitsubishi UFJ Trust and Banking Corporation	¥998 million

(9) Other Important Matters of the Group

Not applicable.

2. Current Status of the Company

(1) Status of Share

(i) Total Number of Shares Issuable: 1,000,000,000 shares

(ii) Total Number of Issued Shares: 250,000,000 shares

(iii) Number of Shareholders: 39,777

(increase of 2,868 from the end of the previous fiscal year)

(iv) Major Shareholders (Top 10 Shareholders)

Name of Shareholders	Number of Shares Held	Shareholding Ratio
Northern Trust Co (AVFC) Sub A/C American Client	23,344,291	9.66
Masaya Nakamura	12,360,000	5.12
MAL Ltd.	12,010,100	4.97
Northern Trust Co AVFC Re U.S. Tax Exempted Pension Funds	11,812,100	4.89
The Master Trust Bank of Japan, Ltd. (Trust account)	8,780,300	3.63
Japan Trustee Services Bank, Ltd. (Trust account)	8,566,700	3.55
The Silchester International Investors International Value Equity Trust	8,208,300	3.40
Bank Julius Baer and Co., Ltd.	6,500,000	2.69
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100	1.90
Mellon Bank N.A. as Agent for its Client Mellon Omnibus US Pension	4,430,972	1.83

(Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (8,432,955 shares)

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

The Master Trust Bank of Japan, Ltd. (Trust account)	6,595,200 shares
Japan Trustee Services Bank, Ltd. (Trust account)	8,223,300 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.), entrusted for retirement and severance benefits. Those shares were exchanged with the Company’s shares through the share transfer on September 29, 2005, and The Bank of Tokyo-Mitsubishi UFJ directs the exercise of the voting rights pertaining to those shares.

(2) Stock Subscription Rights, etc.

(i) Stock Subscription Rights Held by Company Directors and Corporate Auditors of the Company That Were Delivered as Consideration for the Execution of Their Duties

Stock Subscription 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 That Date and on July 18, 2007.

a. Number of Stock Subscription Rights
926 (100 shares per stock subscription right)

b. Number of Shares Underlying Stock Subscription Rights
92,600 shares

c. Amount Paid for the Issuance of Stock Subscription Rights
No requirement to make payment.

d. Value of the Property to Be Contributed at the Time of Exercising Stock Subscription Rights
100 yen per stock subscription right (1 yen per share)

e. Period During Which Stock Subscription Rights Can Be Exercised
From July 10, 2010 to June 30, 2015

f. Conditions for Exercising Stock Subscription Rights

- After stock subscription rights are allocated, if the Company's stock price growth rate up to the start of the period for exercising such 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 of the respective closing prices for common stocks of the Company on the Tokyo Stock Exchange on each of the days (except if there is no trading) within the 3 months prior to the month in which the starting date for the period for exercising the stock subscription rights falls divided by the average of the respective closing prices for common stocks of the Company on the Tokyo Stock Exchange on each of the days (except if there is no trading) within the 3 months prior to the month in which the allotment date falls. The TOPIX growth rate is calculated in the same way as the Company's stock price growth rate.
- The stock subscription right holders may also exercise such rights even after they cease to be at their positions.
- If a stock subscription right holder passes away, his or her heir (limited to one individual) shall exercise those rights.
- No transfer, pledge or any other disposal of stock subscription rights is allowed.

g. Stock Subscription Rights Held by Directors and Corporate Auditors (As of March 31, 2010)

	Number of Stock Subscription Rights	Number of Shares Underlying Stock Subscription Rights	Number of Holders
Directors (excluding Outside Directors)	736	73,600	4
Outside Directors	—	—	—
Corporate Auditors	—	—	—

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

Not applicable.

(For Reference)
Stock Subscription Rights Delivered to Employees, etc. prior to This Fiscal Year

Name of Issue	Third Issuance of Stock Subscription Rights	Fourth Issuance of Stock Subscription Rights	Additional Issuance for Second Issuance of Stock Subscription Rights
Date of resolution at General Meeting of Shareholders	June 26, 2006	June 26, 2006	June 25, 2007
Persons receiving rights; number of persons	Employees of the Company and its subsidiaries; 603	Employees of subsidiaries of the Company; 231	Directors of subsidiaries of the Company; 85
Type of stock; number of stock subscription rights (Note)	Common stock; 1,838,000 shares	Common stock; 583,000 shares	Common stock; 268,100 shares
Date of delivery of stock subscription rights	July 18, 2006	April 18, 2007	July 19, 2007
Value of the property to be contributed at the time of exercising stock subscription rights	¥1,754 per share	¥1,895 per share	¥1 per share
Period during which stock subscription rights can be exercised	From July 10, 2008, to June 30, 2010	From April 1, 2009, to June 30, 2010	From July 10, 2010, to June 30, 2015

(Note) In the above, a number of stock subscription rights are stated as converted into a number of shares underlying stock subscription rights.

(3) Directors and Corporate Auditors of the Company

(i) Directors and Corporate Auditors

Title	Name	Responsibilities in the Company and Major Concurrent Positions
Chairman and Director	Takeo Takasu	Chairman of the Japan Toy Association
President and Representative Director	Shukuo Ishikawa	
Director	Jun Higashi	Responsible for the Strategic Business Units overall and the Affiliated Business Companies
Director	Shuji Ohtsu	Responsible for Overseas Operations and in charge of the Administrative Headquarters and the Internal Auditing Division
Director	Yusuke Fukuda	In charge of the Corporate Planning Division
Director	Kazunori Ueno	Responsible for the Toys and Hobby SBU and President and Representative Director of Bandai Co., Ltd.
Director	Masatake Yone	Attorney-at-Law. Partner in Mori Hamada & Matsumoto Law Firm Outside Director of GCA Savvian Corporation Outside Corporate Auditor of THK CO., LTD.
Director	Kazuo Ichijo	Professor in the Graduate School of International Corporate Strategy, Hitotsubashi University Outside Director of Shimano, Inc. Outside Director of Calbee Foods Co., Ltd. Outside Corporate Auditor of Information Services International-Dentsu, Ltd.
Director	Manabu Tazaki	
Full Time Corporate Auditor	Koichiro Honma	
Full Time Corporate Auditor	Katsutoshi Hirasawa	
Corporate Auditor	Osamu Sudoh	Attorney-at-Law. Partner in Sudoh & Takai Law Offices Outside Director of eBANK Corporation (currently Rakuten Bank, Ltd.) Outside Corporate Auditor of USEN Corporation
Corporate Auditor	Kouji Yanase	Attorney-at-Law. Partner in Marunouchi-Chuo Law Office

(Notes) 1. Directors Masatake Yone, Kazuo Ichijo and Manabu Tazaki are Outside Directors.
2. Corporate Auditors Osamu Sudoh and Kouji Yanase are Outside Corporate Auditors.
3. The Company believes that Directors Masatake Yone, Kazuo Ichijo, and Manabu Tazaki and Corporate Auditors Osamu Sudoh and Kouji Yanase have no risk of conflicts of interest with general shareholders and have a high degree of independence. The Company has appointed Director Kazuo Ichijo as an Independent Director/Auditor as defined in the rules of the Tokyo Stock Exchange and filed the notification regarding his appointment thereto.

4. Full Time Corporate Auditor Katsutoshi Hirasawa was engaged in financing and accounting activities at the Accounting Department of Bandai Co., Ltd., after he was employed in the Administration Department of the Shizuoka Plant of Bandai Co., Ltd., where he was engaged in administration jobs such as accounting, general affairs and so on. Thus, Mr. Katsutoshi Hirasawa has a deep knowledge of financing and accounting.
5. Corporate Auditor Osamu Sudoh has considerable experience with bankruptcy issues as an attorney and has the deep knowledge of finance and accounting necessary to engage in such bankruptcy issues.
6. Director Takeo Takasu resigned from the office of Representative Director of the Company as of February 2, 2010.
7. Director Shukuo Ishikawa assumed the office of President and Representative Director of NAMCO BANDAI Games Inc. as of April 1, 2010.

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

Not applicable.

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

Total Amount of Remuneration, etc. Paid During This Fiscal Year

	Number of People	Amount Paid
Directors (Outside Directors)	8 (3)	¥317 million (¥41 million)
Corporate Auditors (Outside Corporate Auditors)	4 (2)	¥65 million (¥21 million)
Total (Outside Directors and Outside Corporate Auditors)	12 (5)	¥383 million (¥62 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 yen per fiscal year, of which 350 million yen was set as the limit for base remuneration and the remaining 350 million yen was set as the limit for cash bonus.
3. At the Ordinary 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 shall be no more than 8 million yen per month.

(iv) Matters Concerning Outside Directors and Outside Corporate Auditors

a. Status of Major Concurrent Posts of Other Companies, etc. and Relationships Between Those Companies, etc. and the Company

Major concurrent posts of Outside Directors and Outside Corporate Auditors are as stated in (i) Directors and Corporate Auditors on page 18.

Moreover, there are no special interests between the Company and the entities with which Outside Directors and Outside Corporate Auditors have concurrent posts.

b. Main Activities in This Fiscal Year

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

	Board of Directors Meetings (Held 19 times)		Board of Corporate Auditors Meetings (Held 13 times)	
	Number of Meetings Attended	Attendance Rate	Number of Meetings Attended	Attendance Rate
Director Masatake Yone	18	94.7%	—	—
Director Kazuo Ichijo	19	100.0%	—	—
Director Manabu Tazaki	13	92.9% (Note)	—	—
Corporate Auditor Osamu Sudoh	15	79.0%	13	100.0%
Corporate Auditor Kouji Yanase	17	89.5%	12	92.3%

(Note) Director Manabu Tazaki was elected at the 4th Ordinary General Meeting of Shareholders held on June 22, 2009, and, thus, the number of Board of Directors Meetings on which his attendance rate is based differs from that of the other Outside Directors and Outside Corporate Auditors. There have been 14 Board of Directors Meetings since he assumed the office of Director.

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

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

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

Director Manabu Tazaki provides advice and proposals by giving opinions, etc. based on his wealth of experience and position as a corporate officer to ensure the appropriateness and validity of decisions of the Board of Directors.

Corporate Auditors Osamu Sudoh and Kouji Yanase provide advice and proposals by giving opinions, etc. primarily from their positions as attorneys to ensure the appropriateness and validity of decisions of the Board of Directors and the Board of Corporate Auditors.

c. Summary of Contracts Concerning Limited Liability

Not applicable.

d. Total Amount of Remuneration, etc. Paid to Directors and Corporate Auditors by the Parent Company and Subsidiaries, etc.

Not applicable.

(4) Accounting Auditors

(i) Name: KPMG AZSA & Co.

(ii) Amount of Remuneration, etc.

	Amount Paid
Amount of Remuneration, etc. for Accounting Auditors for This Fiscal Year	¥77 million
Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥233 million

(Notes) 1. NAMCO BANDAI Holding (USA) Inc., BANDAI S.A., NAMCO Holdings UK LTD., and BANDAI (H.K.) CO., LTD., among major subsidiaries of the Company, are audited (within the meaning of being audited as required by the Companies Act and Financial Instruments and Exchange Act or the equivalent laws and regulations in other countries) by audit firms (including entitles overseas with qualifications equivalent to those of a Japanese audit firm) 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 above is the total amount of remuneration, etc. for these audits.

(iii) Non-Auditing Operations

Not applicable.

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

In the event that an 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 such Accounting Auditor with the unanimous approval of the Corporate Auditors.

Additionally, in the event that the Board of Corporate Auditors judges that an Accounting Auditor's behavior caused a material impediment to the audit operations of the Company, it will request the Board of Directors to present a proposal for the removal or non-renewal of such Accounting Auditor at a General Meeting of Shareholders, as prescribed in Article 344, Paragraph 2 of the Companies Act, even if such 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 agendum to the General Meeting of Shareholders. Moreover, if the Board of Directors finds it necessary because of an impediment to 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 such 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) Systems 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 other systems to ensure the properness of the Company's operations.

(i) Systems to Ensure that the Execution of the Duties by Directors Is in Compliance with the Laws and Regulations and the Articles of Incorporation

a. The Group has established the Group's Corporate Philosophy, the Group Compliance Charter, and the BANDAI NAMCO Group Rules for Executives so that the Directors of the Group companies shall always exercise care in carrying out their duties fairly and in accordance with the law. The president of each Group company has submitted declarations of intent to comply with the Group Compliance Charter.

b. The Group has established regulations concerning compliance as a part of Group management. The Group as a whole has a system to ensure that compliance with laws and regulations, respect for ethical principles and compliance with company regulations are implemented appropriately.

c. The relevant Director 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, the Risk Compliance Committee is convened immediately to discuss and decide how the issue should be handled.

d. Along with the establishment of the regulations concerning compliance, the Company has put in place the Corporate Auditors hotline by means of which, in case of violations of laws or regulations or suspicions thereof, such can be reported directly to the Corporate Auditors.

(ii) Systems for Preserving and Managing Information Related to Directors' Execution of Their Duties

a. The Company has established regulations concerning information security as a part of Group management. These regulations provide for a system to ensure appropriate safekeeping and preservation of information.

b. The Company has established regulations concerning document management and ensures (i) the centralized collection and management of minutes of several kinds of meetings, contracts and other documents, and (ii) appropriate safekeeping and managing approval documents and other important documents in each department. The Company has a system to ensure that Directors may peruse those documents at any time.

(iii) Regulations Concerning Management for Risk of Loss and Other Systems

a. The Company has established regulations concerning risk management and compliance as a part of Group management. Throughout the Group, we are working to prevent risk and to discover factors creating risk as rapidly as possible, and aiming to minimize the impact of risk on our business by responding to risk quickly and in an appropriate manner when risk arises.

b. The Company has put a group emergency contact network in place and ensured that should information concerning risk, including violations of laws and regulations, develop, it is reported immediately to the Company's President and Representative Director and a meeting of the Group Risk Compliance Committee is held to discuss and decide the Group's response to such risk.

(iv) Systems to Ensure that Directors Execute their Duties Efficiently

a. To promote greater efficiency in the Group business operations, subsidiaries are segmented with separate SBUs for each category. Mid-term Business 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 such SBU businesses.

b. The Company has established several meetings, including the Group Management Meeting, the SBU Monthly Report Meeting and *Waigaya* (Weekly Meeting) at which Directors and important employees exchange opinions, putting in place a system for reporting inside the Group and decision making. In addition, the Company has established performance management regulations, organizational regulations, regulations concerning division of duty, regulations concerning operating authority, regulations concerning managerial decisions, etc., which define the scope of authority and responsibility of each Director and design a system to ensure efficient execution of their respective work duties.

c. The Group has revised the roles of its overseas holding companies that control relevant regions to create a system that ensures that each SBU carries out its operations efficiently.

(v) Systems to Ensure that Employees Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

a. The Group has established the Group's Corporate Philosophy and the Group Compliance Charter as the foundations of its compliance system, so that employees shall always exercise care in carrying out their duties fairly and in accordance with the law.

b. The Company has established organizational regulations, regulations concerning division of duty, regulations concerning operating authority, regulations concerning managerial decisions, etc., which clarify the responsibilities and authority of employees.

c. An Internal Auditing Division has been established independently of the executive sections to work towards the properness of execution of operations through internal audits, and the Risk Compliance Committee has been established to serve as the overall compliance body, putting in place a system such that, should violations of laws or regulations or suspicions thereof occur, the Risk Compliance Committee will immediately discuss and decide how the issue should be handled.

d. Along with the establishment of the regulations concerning compliance, the Company has put in place the Corporate Auditors hotline by means of which, in case of violations of laws or regulations or suspicions thereof, such can be reported directly to the Corporate Auditors.

(vi) Systems to Ensure Proper Business Behavior by the Group

a. The Group has established the Group Compliance Charter with which all officers and employees of the Group shall comply while conducting business. The president of each group company has submitted declarations of intent to comply with the Group Compliance Charter. Moreover, the Group Compliance Charter has been revised as needed in response to revisions in the laws and regulations, etc., or changes in the social context surrounding the Group, and a guidebook, the Compliance Book, has been issued and distributed to all officers and employees in the Group in order to ensure thorough knowledge of the Group Compliance Charter throughout the Group. Furthermore, training on compliance is being carried out by, for example, the Group’s training system, using its internal network.

b. The Group management regulations including, among other regulations, regulations concerning compliance, risk management, performance management and information security management have been established to ensure proper performance of business responsibilities throughout the Group.

c. 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 primarily headed by the Director in charge of each SBU, to ensure close communication, with each Group company and to provide each Group company with appropriate guidance, advice, etc., as necessary.

d. A project is underway to make the Group’s internal controls function more effectively, with the primary focus on greater effectiveness and efficiency in operations, reliability in financial reporting and compliance with related laws and regulations.

(vii) Matters Concerning the Systems Related to Employees who Assist the Corporate Auditors and those Employees’ Independence from the Directors

a. The Board of Corporate Auditors’ regulations specify in writing and the Board of Directors has adopted a resolution to the effect that the Corporate Auditors may request a Representative Director to assign employees to assist the Corporate Auditors in carrying out their duties and that, to ensure those employees’ independence from the Board of Directors, the Directors and the Corporate Auditors are given an opportunity to confer on personnel matters concerning those employees in advance.

(viii) Systems for Reports to the Corporate Auditors, Including Reports to the Corporate Auditors Made by Directors and Other Employees

a. Directors and other employees must promptly report to the Board of Corporate Auditors any matters prescribed by laws and regulations, matters likely to have a major impact on the Company and the Group, and matters related to the current status of internal audits and compliance.

b. Along with the establishment of regulations concerning compliance, the Company has put in place the Corporate Auditors hotline by means of which, in case of violations of laws or regulations or suspicions thereof, such can be reported directly to the Corporate Auditors.

c. Directors make regular reports to the Board of Directors on the current state of construction and operations of internal control systems.

d. Besides meetings of the Board of Directors, Corporate Auditors also participate in important meetings including the SBU Monthly Report Meeting and meetings of the Boards of Directors of principal subsidiary companies, and have regular meetings with Directors and important employees to confirm the current state of affairs of the Company, receive reports, exchange opinions, and so on.

(ix) Systems to Ensure the Effectiveness of Audits Conducted by the Corporate Auditors

a. Besides (i) establishment of the Board of Corporate Auditors' regulations, audit standards for Corporate Auditors, standards for audits of internal control systems and audit plans, and (ii) allocation of duties of Corporate Auditors, Corporate Auditors ensure efficient audits by regularly meeting with Directors and important employees, auditing important documents, and communicating with the Internal Auditing Division and Accounting Auditors.

b. Besides participating in meetings of the Board of Directors, Corporate Auditors also participate in important meetings including the SBU Monthly Report Meeting and meetings of the Boards of Directors of principal subsidiary companies, with the aim of strengthening audits of the subsidiaries.

c. The Group Board of Corporate Auditors, which consists of Full Time Corporate Auditors, holds workshops aimed at improving the quality of audits to provide information about audit policies and other relevant matters, confirm the current status of audits, receive reports and discuss. In addition, it provides training in audit procedures for employees who also serve as part-time Corporate Auditors, 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

<u>The Group Value</u>

Guided by our vision of becoming "The Leading Innovator in Global Entertainment", the Group mission is to continue to offer "Dreams, Fun and Inspiration," through entertainment, to people throughout 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 creation of entertainment constantly predicting the changes of times and environments. Such creation is closely linked to raising the value of the Company.

Therefore, in determining what and how a person or entity 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 or Entity Controlling Decisions on the Financial and Business Policies Should Be

We believe that a person or entity controlling decisions on the financial and business policies should be the one who sufficiently understands the importance of our managerial vision and mission of the Group mentioned above, 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 that in the event that any person or entity that 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, such person or entity is inappropriate to control the decisions of the Company's financial and business policies.

- Any person or entity who could clearly harm the Company's corporate value
- Any person or entity 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 or entity that does not provide the Company with the information or the time required for making decisions.

(ii) Details of Engagement

Board of Directors of the Company, to whom the shareholders entrusted the management, is engaged in the following efforts to implement the Group's basic policy.

Steps to Increase the Company's Corporate Value

・Promoting the Mid-term Business Plan

The three-year Mid-term Business Plan that went into effect on April 1, 2009, promotes two strategies, "Focus," the business strategy, and "Enhancing the Entertainment-hub," the functional strategy, to lay the foundation for global growth.

Under "Focus," the business strategy, the Group clarifies the mission of each of the business units on the basis of market environment and competitive superiority. In concrete terms, aiming for growth overseas, the Group will make forward-looking investments in the area of the Toys and Hobby SBU and the Content SBU. On the other hand, in the domestic market, the Group will focus on implementing measures to improve profitability, particularly in the Amusement Facility SBU.

The functional strategy, "Enhancing the Entertainment-hub," is directed at further strengthening a series of functions such as creation and acquisition, development and utilization of contents by adding synergies among the Group as well as between the Group and external partner companies. The Mid-term Business Plan calls for developing that approach, which thus far has largely been implemented domestically, into a global model.

・Promoting Efficient Management

The Group has been actively promoting efficient management.

The Group has put in place rules for restructuring and withdrawing from businesses; it has reinforced systems for continuous monitoring in order to discern business trends more swiftly, and has introduced the use of return on invested capital (ROIC) as an indicator in making rapid decisions about restructuring businesses or withdrawing from them. In addition, the Group is working towards cost reductions by standardizing processes across the Group as a whole and is promoting managerial efficiency.

・Reinforcing Personnel Strategies

Aiming for dynamic growth in overseas markets, the Group is strengthening its global systems for acquiring and training personnel. In addition, the Group is driving forward a proactive system for personnel exchanges within the Group to invigorate its human resources.

・Reinforcing CSR Activities

Strengthening its environmental management, the Group is aiming at a 5.4% reduction in CO_2 emissions from each of our worksites by Fiscal Year ending March 2012 (as compared with the Fiscal Year ended March 2009 level) as a mid-term Group environmental target.

・Proactive IR Activities

Our Group discloses information in a timely and appropriate manner in accordance with the Financial Instruments and Exchange Act and rules prescribed by the Tokyo Stock Exchange. We aim to be a highly transparent corporation that clearly provides shareholders with information concerning management strategies and business directions. We thus work to provide ample opportunities, for instance, company information meetings 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 priorities in its management. The Company assumes that 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 will provide a return to shareholders that targets a consolidated payout ratio of 30%, based on stable annual dividend payments of 24 yen per share.

In addition, part of any profit, after deduction of dividends, may be used to acquire treasury stock upon comprehensive consideration of the amount of funds on hand, performance trends, recent share price trends, the existence or nonexistence of major investment proposals, and other factors.

The Company will make priority use of profit, after deduction of dividends, for forward-looking investment in expanding operations overseas under the three-year Mid-term Business Plan that has been implemented since April 2009.

Takeover Defenses

At present, the Company has taken no specific measures as takeover defenses; we regard implementing our management and business strategies in accordance with the measures to increase the corporate value 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 anticipation of situations in which an inappropriate entity or person might emerge to have a decision-making power over the Company'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, but 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 subscription rights, etc. with a close eye on legal and social trends.

(Note) In this Business Report, fractional amounts less than the indicated unit amount are rounded down for sums of money and numbers of shares, while percentages and other values are rounded off to the nearest figure.

Consolidated Balance Sheet
(As of March 31, 2010)

	(Millions of yen)
	Amount
ASSETS	
Current assets	
Cash and time deposits	96,647
Trade receivables	52,726
Short-term investments	2,037
Finished goods and merchandise	12,817
Work in process	23,805
Raw materials and supplies	4,334
Deferred tax assets	5,763
Other current assets	20,769
Allowance for doubtful receivables	(1,138)
Total current assets	**217,762**
Fixed assets	
Property, plant and equipment	
Buildings and structures	10,497
Amusement facilities and machines	15,327
Land	11,592
Other property, plant and equipment	8,597
Total property, plant and equipment	46,014
Intangible assets	
Goodwill	2,951
Other intangible assets	9,550
Total intangible assets	12,501
Investments and other assets	
Investment securities	23,275
Deferred tax assets	5,886
Other investments and assets	22,302
Allowance for doubtful receivables	(1,807)
Total investments and other assets	49,656
Total fixed assets	**108,172**
TOTAL ASSETS	**325,935**

	(Millions of yen)
	Amount
LIABILITIES	
Current liabilities	
Trade payables	35,956
Short-term borrowings	8,876
Accounts payable-other	13,741
Accrued income taxes	8,239
Provision for directors' bonuses	402
Provision for losses from business restructuring	767
Provision for sales returns	2,034
Other current liabilities	16,584
Total current liabilities	**86,604**
Long-term liabilities	
Long-term borrowings	3,333
Deferred tax liabilities, land revaluation	673
Provision for directors' bonuses	129
Accrued retirement and severance benefits	2,403
Accrued directors' and corporate auditors' retirement and severance benefits	32
Other long-term liabilities	3,746
Total long-term liabilities	**10,319**
TOTAL LIABILITIES	**96,923**

NET ASSETS	
Stockholders' equity	
Common stock	10,000
Additional paid-in capital	79,960
Retained earnings	163,454
Treasury stock	(9,455)
Total stockholders' equity	**243,958**
Valuation difference and translation adjustments	
Other securities valuation difference	19
Deferred gains or losses on hedges, net of taxes	79
Land revaluation	(6,491)
Translation adjustments	(10,900)
Total valuation difference and translation adjustments	**(17,292)**
Stock subscription rights	**810**
Minority interests	**1,535**
TOTAL NET ASSETS	**229,012**
TOTAL LIABILITIES AND NET ASSETS	**325,935**

Consolidated Statement of Income
(From April 1, 2009 to March 31, 2010)

		(Millions of yen)
		Amount
Net sales		378,547
Cost of sales		249,793
Gross profit		128,753
Selling, general and administrative expenses		126,869
Operating income		1,883
Non-operating income		1,234
Interest income	371	
Dividend income	212	
Amortization of negative goodwill	124	
Other non-operating income	526	
Non-operating expenses		1,210
Interest expense	378	
Foreign exchange loss	620	
Other non-operating expenses	212	
Recurring income		1,907
Extraordinary income		741
Gain on sales of fixed assets	37	
Gain on sales of investment securities	176	
Reversal of allowance for doubtful receivables	61	
Reversal of accrued retirement and severance benefits	14	
Gain on reversal of stock subscription rights	402	
Other extraordinary income	49	
Extraordinary loss		21,943
Loss on sales of fixed assets	20	
Loss on disposal of fixed assets	321	
Loss on impairment of fixed assets	15,902	
Loss on business restructuring	1,865	
Special retirement expenses	1,899	
Other extraordinary loss	1,933	
Loss before income taxes and minority interests		19,294
Corporate income, inhabitant and enterprise taxes	7,064	
Income taxes for the previous period	963	
Deferred income taxes	2,470	10,498
Minority interests		135
Net loss		29,928

Consolidated Statement of Changes in Net Assets
(From April 1, 2009 to March 31, 2010)

	(Millions of yen)
Stockholders' equity	
Common stock	
Balance as of March 31, 2009	10,000
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2010	10,000
Additional paid-in capital	
Balance as of March 31, 2009	79,887
Changes during the period	
Disposal of treasury stock	72
Total changes during the period	72
Balance as of March 31, 2010	79,960
Retained earnings	
Balance as of March 31, 2009	199,453
Changes during the period	
Cash dividends	(5,795)
Net loss	(29,928)
Changes in the scope of consolidation	115
Changes in scope of application of the equity method	(416)
Increase due to the company split	25
Total changes during the period	(35,999)
Balance as of March 31, 2010	163,454
Treasury stock	
Balance as of March 31, 2009	(9,624)
Changes during the period	
Purchase of treasury stock	(9)
Disposal of treasury stock	184
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(6)
Total changes during the period	168
Balance as of March 31, 2010	(9,455)

Consolidated Statement of Changes in Net Assets
(From April 1, 2009 to March 31, 2010)

	(Millions of yen)
Total stockholders' equity	
Balance as of March 31, 2009	279,717
Changes during the period	
Cash dividends	(5,795)
Net loss	(29,928)
Purchase of treasury stock	(9)
Disposal of treasury stock	256
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(6)
Changes in the scope of consolidation	115
Changes in scope of application of the equity method	(416)
Increase due to the company split	25
Total changes during the period	(35,758)
Balance as of March 31, 2010	243,958
Valuation difference and translation adjustments	
Other securities valuation difference	
Balance as of March 31, 2009	(1,911)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	1,930
Total changes during the period	1,930
Balance as of March 31, 2010	19
Deferred gains or losses on hedges, net of tax	
Balance as of March 31, 2009	(105)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	185
Total changes during the period	185
Balance as of March 31, 2010	79
Land revaluation	
Balance as of March 31, 2009	(6,299)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(192)
Total changes during the period	(192)
Balance as of March 31, 2010	(6,491)
Translation adjustments	
Balance as of March 31, 2009	(13,755)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	2,855
Total changes during the period	2,855
Balance as of March 31, 2010	(10,900)

Consolidated Statement of Changes in Net Assets
(From April 1, 2009 to March 31, 2010)

	(Millions of yen)
Total valuation difference and translation adjustments	
Balance as of March 31, 2009	(22,071)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	4,779
Total changes during the period	4,779
Balance as of March 31, 2010	(17,292)
Stock subscription rights	
Balance as of March 31, 2009	1,468
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(657)
Total changes during the period	(657)
Balance as of March 31, 2010	810
Minority interests	
Balance as of March 31, 2009	1,465
Changes during the period	
Net changes in the period other than changes in stockholders' equity	69
Total changes during the period	69
Balance as of March 31, 2010	1,535
Total net assets	
Balance as of March 31, 2009	260,579
Changes during the period	
Cash dividends	(5,795)
Net loss	(29,928)
Purchase of treasury stock	(9)
Disposal of treasury stock	256
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(6)
Changes in the scope of consolidation	115
Changes in scope of application of the equity method	(416)
Increase due to the company split	25
Net changes in the period other than changes in stockholders' equity	4,191
Total changes during the period	(31,566)
Balance as of March 31, 2010	229,012

Notes to Consolidated Financial Statements

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

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:

80 companies

(ii) Names of Principal Consolidated Subsidiaries:

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

Since BANDAI (GUANGZHOU) CO., LTD., gained in importance, that company was added to the scope of the consolidation from this consolidated fiscal year. Since Bandai Networks Co., Ltd., and ANIME CHANNEL, CO., LTD., were merged with consolidated subsidiaries of the Company, they were excluded from the scope of consolidation.
NAMCO BANDAI Games Europe S.A.S., a consolidated subsidiary of the Company, additionally acquired shares in Distribution Partners S.A.S., making that company a wholly owned subsidiary, in conjunction with which Distribution Partners S.A.S. (which changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary) and its 18 subsidiaries were added to the scope of consolidation.
Furthermore, NAMCO BANDAI Online Inc. was newly incorporated as a result of an incorporation-type company split of NAMCO BANDAI Games Inc., a consolidated subsidiary of the Company, and was added to the scope of consolidation. Seika Co., Ltd., and NAMCO ECOLOTECH LTD. were liquidated and thus were excluded from the scope of consolidation.

(2) Status of Non-Consolidated Subsidiaries:

(i) Names of the Principal Non-Consolidated Subsidiaries:

SHANGHAI NAMCO LTD. and BANDAI LOGIPAL (H.K.) 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 non-consolidated subsidiary 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:

7 companies

(ii) Names of the Principal Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied:

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

In addition, Distribution Partners S.A.S., through an additional acquisition of its shares, was made a wholly owned subsidiary, and thus was excluded from the scope of application of the equity method for this consolidated fiscal year. Tsuburaya Productions Co., Ltd., gained in importance and thus was treated as a company to which the equity method is applied.

(2) Status of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Not Applied:

(i) Name of the Principal Non-Consolidated Subsidiary or Affiliated Company:

BANDAI LOGIPAL (H.K.) 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 that 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 as a whole 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, etc. for Consolidated Subsidiaries

NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (18 domestic and 26 overseas subsidiaries) have the last day of December, January, or February as closing date.

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 the case of material transactions conducted prior to the last day of the consolidated fiscal year for the consolidated financial statements of the Company.

4. Information Concerning the Basis for Accounting Treatment

(1) Valuation Basis and Methods for Significant Assets:

(i) Valuation Basis and Methods for Securities:

Held-to-maturity securities: Stated using the amortized cost method (straight-line method)

Other securities:

Securities with market values:
Stated using the market price method based on amounts using market prices, etc. on the closing date. (Valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method.)

Securities without market values:
Stated using the cost method 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 securities, and the amount corresponding to profits or losses resulting from the operations of the partnership is stated as profits or losses for this consolidated fiscal year.

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

(iii) Valuation Basis and Methods for Inventories:

Work in process, such as game software, etc.:
Stated using the cost method based on the specific-cost method. (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability.)

Others:

Domestic consolidated subsidiaries:
Generally, stated using the cost method based on the average method. (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability.)

Overseas consolidated subsidiaries:
Generally, stated using the lower of cost method based on the average method.

(2) Depreciation Methods for Significant Depreciable Assets:

(i) Property, Plant and Equipment (Exclusive of leased assets):

The Company and domestic consolidated subsidiaries:
Generally stated using the declining-balance method.
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

Overseas consolidated subsidiaries:
Stated using the straight-line method.

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:

Stated using the straight-line method.
The general useful life of software is as follows:

Software (used internally):	1 to 5 years

(iii) Leased Assets:

Stated using the straight-line method, with the useful life set to the lease period, for a residual value of zero.
However, financing lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started on or before March 31, 2008, are stated by applying the accounting treatment applicable to ordinary operating lease transactions.

(3) Basis of Recognition for Significant Provision:

(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, etc., the amount of the allowance is based on individually estimated unrecoverable amounts.

(ii) Provision for Directors' Bonuses:

The Company and its domestic consolidated subsidiaries provide accrued bonuses for directors based on the estimated amounts to be paid in respect of this consolidated fiscal year.

(iii) Provision for Losses from Business Restructuring:

Certain consolidated subsidiaries make provision for estimated losses on restructuring of operations.

(iv) Provision for Sales Returns:

Certain consolidated subsidiaries provide for losses on returned goods after the end of this consolidated fiscal year based on historic experience.

(v) Accrued Retirement and Severance Benefits:

Accrued retirement and severance benefits for employees in respect of defined benefit plans is provided for based on the estimated values of projected benefit obligations and pension plan assets at the end of the consolidated fiscal year. Unrecognized actuarial gain or loss is amortized, beginning from the consolidated fiscal year following the year in which it is incurred, using the straight-line method over a fixed period (9 to 19 years) that does not exceed the average remaining years of service of employees as of the end of the fiscal year in which it is incurred. Certain domestic consolidated subsidiaries amortize prior service costs over a fixed period (10 to 11 years) that does not exceed the average remaining years of service of employees at the point when the costs are incurred.

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

To provide for payment of retirement and severance benefits to directors and corporate auditors, certain domestic consolidated subsidiaries record the amount payable at the end of the consolidated fiscal year in accordance with internal regulations.

(4) Accounting Standards for Significant Income and Expense:

(i) Video Game Software Revenue Recognition:

Consolidated subsidiaries operating in the United States recognized revenue in accordance with "Software Revenue Recognition" of FASB Accounting Standards Codification No. 985-605, treating video game software with online functions as software products with multiple-element arrangements. Unless the vendor can objectively and reasonably prove the fair value of undelivered elements specified by the vendor, recording of any revenue attributable to video game software is deferred until all the elements are delivered.

(ii) Video Game Software Production Costs:

A distinctive characteristic of video game software is the process through which the software is highly combined with the content that cannot be separated into identifiable components.
The content is considered to be an important component of each video game title, which includes the game content and visual / music data. Once management makes a decision to go forward in distributing a title, the Company records the software and content development costs as work in process.
The capitalized production costs are amortized to cost of sales based on projected sales volumes.

(5) Significant Accounting Policies for Hedging:

(i) Accounting for Hedging:

The Company used deferred hedge accounting.
In cases where forward foreign exchange contracts meet certain hedging criteria, they are accounted for under the allocation method. Interest rate swaps that meet specific matching criteria are accounted for using specific allowed methods under relevant accounting standards.

(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 borrowings

(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 Company assesses the effectiveness of hedging transactions, in principle, from the start of the transaction to the point at which effectiveness is assessed by comparing the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedged item with the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedging instrument. In the event that critical terms are the same for the hedging instrument and the hedged assets, liabilities, or scheduled transaction, it is assumed that the hedge is 100% effective, so the assessment of effectiveness is not performed. Also, for interest rate swaps for which the specific allowed methods are applied, the assessment of effectiveness is not performed.

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

Accounting treatment of consumption tax:

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

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.

7. Changes in the Important Information Constituting the Basis for Preparation of Consolidated Financial Statements

(Change in Categories for Presentation with Respect to Amusement Facilities Business)

In the past, the costs of backroom supporting operations at amusement facilities have been treated as cost of sales for the amusement facilities business; however, from this consolidated fiscal year, they are stated as selling, general and administrative expenses. This change is made to provide a more appropriate presentation of costs concerning facilities management operations from the point of view of the correspondence between sales and cost of sales, in conjunction with reviewing how facilities are operated and the roles of operating staff, and clarifying facilities management operations, given that competition has grown more intense in the amusement facilities business.

The impact of this change, in comparison with the standard used until the previous consolidated fiscal year, is a 2,011 million yen reduction in the cost of sales for this consolidated fiscal year and an increase by the equivalent amount in gross profit, as well as an increase by the equivalent amount in selling, general and administrative expenses.

This change has no impact upon operating income, recurring income and net loss before income taxes and minority interests.

(Application of “Partial Amendments to ‘Accounting Standards for Retirement Benefits’ (Part 3)”)

The “Partial Amendments to ‘Accounting Standards for Retirement Benefits’ (Part 3)” (ASBJ Statement No. 19, issued on July 31, 2008) were applied from this consolidated fiscal year.

This change has no impact upon operating income, recurring income and net loss before income taxes and minority interests.

8. Change in Method of Presentation

(Consolidated Balance Sheet)

What had been stated separately through the previous consolidated fiscal year as "Guarantee money deposited" (for which the balance at the end of this consolidated fiscal year is 15,394 million yen) was stated within "Other investments and assets" under "Investment and other assets," since it is at or below 5 percent of the total of assets.

(Consolidated Statement of Income)

(1) "Amortization of negative goodwill," which had been stated through the previous consolidated fiscal year within "Other non-operating income" under "Non-operating income" was stated separately, since it is above 10 percent of the total non-operating income.
The total of "Amortization of negative goodwill" for the previous consolidated fiscal year was 116 million yen.

(2) What had been stated through the previous consolidated fiscal year as "Equity in gain of affiliated companies" (for which the balance for this consolidated fiscal year is 0 million yen) was stated within "Other non-operating income" under "Non-operating income," since it is below 10 percent of the total non-operating income.

(3) "Loss on business restructuring," which had been stated through the previous consolidated fiscal year within "Other extraordinary loss" under "Extraordinary loss" was stated separately, since its monetary importance has increased this consolidated fiscal year.
The total of "Loss on business restructuring" for the previous consolidated fiscal year was 114 million yen.

(4) What had been stated through the previous consolidated fiscal year as "Loss on valuation of investment securities" (for which the balance for this consolidated fiscal year is 122 million yen), "Provision for allowance of doubtful receivables" (for which the balance for this consolidated fiscal year is 718 million yen), and "Litigation settlement" (for which the balance for this consolidated fiscal year is 66 million yen) were stated within "Other extraordinary loss" under "Extraordinary loss," since each is below 10 percent of the total extraordinary loss.

II. Notes to Consolidated Balance Sheet

1. Pledged Assets:

Time deposits: ¥4 million
Pledged for bank transaction guarantees

2. Amount of Accumulated Depreciation of Property, Plant and Equipment:

¥122,256 million

3. Discounted Notes Receivable

¥50 million

4. Land Revaluation

A revaluation of land for business-use was implemented pursuant to the "Law Concerning Land Revaluation" (Law No. 34, promulgated on March 31, 1998) and the revalued difference was recorded under net assets.

Revaluation Method:

The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the

National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in "Article 16 of Land Value Tax Law (Law No. 69, promulgated on May 2, 1991)", as stipulated in "Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Cabinet Order No. 119, promulgated on March 31, 1998)". Reasonable adjustments are made to the official notice prices.

Revaluation Date: March 31, 2002
Difference between the market value of the revalued land at the end of this consolidated fiscal year and the revaluated book value after the revaluation: negative 513 million yen.

III. Notes to Consolidated Statement of Changes in Net Assets

1. Type and Total Number of Shares Issued

Common stock 250,000,000 shares

2. Matters Concerning Distribution of Surplus

(1) Paid Dividend Amounts, etc.

Date of Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Date of record	Effective date
June 22, 2009, Ordinary General Meeting of Shareholders	Common stock	2,896	12	March 31, 2009	June 23, 2009
November 5, 2009, Board of Directors' Meeting	Common stock	2,898	12	September 30, 2009	December 7, 2009

(2) Dividends with a Date of Record in This Consolidated Fiscal Year but an Effective Date in the Following Consolidated Fiscal Year

Date of Scheduled Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Date of record	Effective date
June 21, 2010, Ordinary General Meeting of Shareholders	Common stock	2,898	Retained earnings	12	March 31, 2010	June 22, 2010

3. Number of the Company's Stock Subject to Stock Subscription Rights

Series 3 stock subscription rights:
Common stock 1,753,000 shares
Series 4 stock subscription rights:
Common stock 562,000 shares

IV. Notes Concerning Financial Instruments

1. Financial Instruments

The Group manages funds by means of highly secure financial instruments only and procures funds through borrowing from banks and other financial institutions.

With regard to credit risk posed by customers with respect to trade receivables, which are operating receivables, credit information on major customers is updated at least once a year, to minimize such credit risk. Hedging is implemented as necessary through the use of forward exchange contracts for the purpose of reducing risks arising from fluctuations in exchange rates for foreign-currency-denominated operating receivables.

Shares, which are investment securities, are exposed to the risk of market price fluctuations; their market values are checked once a quarter.

Part of trade payables, which are operating liabilities, is denominated in foreign currencies. Hedging is implemented as necessary through the use of forward exchange contracts for the purpose of reducing risks arising from fluctuations in exchange rates for foreign-currency-denominated operating liabilities.

Borrowings are used mainly to procure funds needed for capital expenditures and for investment financing. Hedging is implemented as necessary for variable rate borrowings through the use of interest rate swaps for the purpose of reducing risks arising from fluctuations in interest rates.

Derivative transactions are executed and managed according to internal rules that determine trading authority and limits on amounts traded; derivatives are used in ways that minimize credit risk, and thus transactions are carried out only with highly creditworthy financial institutions.

2. Market Values of Financial Instruments

The book values of financial instruments as stated in the consolidated balance sheets, their market value as of March 31, 2010, and the difference between book value and market value are as stated below. This table does not include assets for which it was judged extremely difficult to assess the market value.

	Book value stated in the consolidated balance sheets (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and time deposits	96,647	96,647	—
(2) Trade receivables	52,726	52,726	—
(3) Short-Term Investments and Investment Securities			
1. Held-to-maturity securities	27	27	—
2. Other securities	14,286	14,286	0
Total assets	163,687	163,687	0
(1) Trade payables	35,956	35,956	—
(2) Short-term borrowings	8,876	8,876	—
(3) Accounts payable-other	13,741	13,741	—
(4) Accrued income taxes	8,239	8,239	—
(5) Long-term borrowings	3,333	3,333	—
Total liabilities	70,147	70,147	—
Derivative transactions (*)	91	91	—

(*) Debts and credits derived from derivative transactions are stated on a net basis.

(Notes) 1. Relevant matters of method of calculating the market value of financial instruments and securities and derivative transactions

Assets

(1) Cash and time deposits, (2) Trade receivables

Since these are readily convertible into cash, their market value is almost identical with the book value; and these are stated at the book value.

(3) Short-term investments and investment securities

The market value of these is stated at the price on the stock exchange or the price as presented by counterparty financial institutions and others.

Liabilities

(1) Trade payables, (2) Short-term borrowings, (3) Accounts payable-other, (4) Accrued income taxes

Since these are readily convertible into cash, their market value is almost identical with the book value; and these are stated at the book value.

(5) Long-term borrowings

The market value of long-term borrowings is calculated by discounting the total principle and interest by the current market interest rate for comparable debt.

Derivative transactions

The market value of derivative transactions is stated at the price on the exchange or the price as presented by counterparty financial institutions and others.

2. Unlisted securities (stated as 1,577 million yen in the consolidated balance sheets) have no market price and their future cash flow cannot be estimated. Since it is recognized that it is extremely difficult to assess their market value, they are not included in “(3) Short-Term Investments and Investment Securities.”

(Additional Information)

The “Accounting Standard for Financial Instruments” and the related “Implementation Guidance” (ASBJ Statement No. 10, issued March 10 2008) and “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued March 10, 2008) were applied from this consolidated fiscal year.

V. Notes Concerning Per-Share Data

1. Net assets per share: ¥938.74
2. Net loss per share for this consolidated fiscal year: ¥123.98

VI. Other Notes

1. Additional Information

(Additional investment in NAMCO BANDAI Partners S.A.S.)

On July 7, 2009, NAMCO BANDAI Games Europe S.A.S, a consolidated subsidiary of the Company, additionally acquired shares in Distribution Partners S.A.S. (which changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary of NAMCO BANDAI Games Europe S.A.S.), making that company a consolidated subsidiary of the Company.

(1) Name and Business Content of Acquired Company, Main Reason for the Business Combination, Date of the Business Combination, Legal Form of the Business Combination and Percentage of Voting Rights Acquired:

(i) Name and Business Content of the Acquired Company:

Name: Distribution Partners S.A.S.
(The Acquired Company changed its corporate name to NAMCO BANDAI Partners S.A.S. after becoming a wholly owned subsidiary of NAMCO BANDAI Games Europe S.A.S.)
Business content: Distribution of electronic products and products for PCs and game consoles

(ii) Main Reason for the Business Combination:

The objective is to build a distribution network for the Group in European region and strengthen its Game Contents Business in that region.

(iii) Date of the Business Combination:

July 1, 2009

(iv) Legal Form of the Business Combination:

Acquisition of shares

(v) Percentage of Voting Rights Acquired:

66.0% (Total percentage of voting rights after the additional acquisition of shares: 100.0%)

(2) Period of Performance of the Acquired Company Included in the Consolidated Financial Statements:

From July 1, 2009 to March 31, 2010
In addition, during the period from April 1, 2009 to June 30, 2009, the Acquired Company was an affiliated company of the Company to which the equity method was applied.

(3) Acquisition Cost of the Acquired Company and the Breakdown of the Cost:

Consideration paid for the additional acquisition of shares	¥3,627 million
Direct cost of acquisition	¥53 million
Existing Equity	¥631 million
Acquisition Cost	¥4,312 million

(4) Value of Goodwill or Negative Goodwill Generated, Cause of the Generation, Amortization Method and Amortization Period:

(i) Value of Goodwill: ¥8,305 million

(ii) Cause of the Generation:

Because the cost of the acquisition exceeded the market value of the net assets of the company at the time of the business combination was carried out, the difference is recognized as goodwill.

(iii) Amortization Method and Amortization Period

Amortized by the straight-line method over five years.
At the end of this consolidated fiscal year, however, as a result of reviewing the business plan which was considered at the time of acquisition of the shares, it was determined that the future super-profit initially assumed could not be

expected; thus, the relevant book value was reduced by the entire amount and that reduction stated as an impairment loss under extraordinary loss.

(5) Value of Assets Acquired and Liabilities Undertaken on the Date of the Business Combination and their Main Breakdown:

Current assets	¥17,344 million
Fixed assets	¥484 million
Total assets	¥17,828 million
Current liabilities	¥19,408 million
Fixed liabilities	¥2,413 million
Total liabilities	¥21,822 million

(6) Contents of the Conditional Payment of Acquisition Price Stipulated in the Business Combination Agreement and the Subsequent Accounting Processing Policies:

Not applicable.

(7) Amount Allocated to Research and Development Costs, etc. in the Acquisition Cost, and its Category:

Not applicable.

(8) Allocation of Acquisition Cost:

There are no distinguishable assets or liabilities that are allocated other than goodwill.

2. Loss on Impairment of Fixed Assets

Groupings for evaluating fixed asset impairment are made by the Company and its consolidated subsidiaries according to management accounting classifications based on strategic business units, excluding significant idle assets, assets scheduled for disposal, and leased assets. Of these, in the amusement facility business, the individual facility, the smallest unit used in management accounting, is mainly the basic unit for grouping assets.

In addition, the book values of the following assets, which exclude reusable assets, were reduced to the recoverable amount. The amount of reduction was recorded as a loss on impairment of fixed assets in extraordinary loss.

Location	Items	Classification	Impairment Loss (Millions of yen)
Muko City, Kyoto, etc. (Note 1)	Amusement facility	Amusement facilities and machines and other assets	284
Toshima-ku, Tokyo, etc. (Note 2)	Amusement facility	Amusement facilities and machines and other assets	90
Kishiwada City, Osaka (Note 3)	Amusement facility	Amusement facilities and machines and other assets	1,152
Illinois, U.S.A., etc. (Note 4)	Amusement facility	Amusement facilities and machines	480

Location	Items	Classification	Impairment Loss (Millions of yen)
Braintree, U.K., etc. (Note 1)	Amusement facility	Amusement facilities and machines and other assets	342
New Territories, H.K., etc. (Note 1)	Amusement facility	Amusement facilities and machines and other assets	1
Cambridge, U.K. (Note 1)	Assets for business use	Buildings & structures, Other property, plant and equipment	3
Shinagawa-ku, Tokyo (Note 4)	Assets for business use	Other property, plant and equipment, Other intangible fixed assets and other assets	747
Kasuya-gun, Fukuoka, etc. (Note 1)	Warehouse	Buildings & structures, Other property, plant and equipment	50
—(Note 5)	—	Goodwill	12,749
Total			15,902

(Notes) 1. An impairment loss was recorded because it was forecasted that the book value of this fixed asset could not be recovered due to the decline in business profitability. In addition, the asset was determined to have no value.

2. An impairment loss was recorded because the recoverable amount of this asset decreased due to the decision to close the facility. In addition, the asset was determined to have no value.
3. An impairment loss was recorded because it was forecasted that the book value of this fixed asset could not be recovered due to the decline in business profitability. The recoverable amount was measured to be the net selling price, which was assessed based on the reasonable estimated selling price.
4. An impairment loss was recorded because it was forecasted that the book value of this fixed asset could not be recovered due to the decline in business profitability. The recoverable amount was measured to be the estimated value in use based on future cash flow.
5. Because it was determined that the future super-profit assumed in the business plan considered at the time of acquisition of the shares was unlikely to be realized, the total unamortized balance was stated as an impairment loss.

3. Notes Concerning Business Combinations, etc.

(Transactions conducted by commonly controlled entities, etc.)

The merger of subsidiaries and succession to part of the businesses of subsidiaries due to a company split in the course of the restructuring of the Group’s businesses

On April 1, 2009, NAMCO BANDAI Games Inc. merged with and absorbed Bandai Networks Co., Ltd. due to an absorption-type merger. Also, the Company succeeded to a part of the share management business that had been carried out by Bandai Networks Co., Ltd., due to the company split (absorption-type company split) on such date.

(1) Names and Business Content of Combined Companies, Legal Form of Business Combination, and Overview of Transaction Including Transaction Objectives

(i) Names and Business Content of Combined Companies

A. NAMCO BANDAI Games Inc.
Planning, development, and sales of home video game software and coin-operated game machines, etc.

B. Bandai Networks Co., Ltd.
Distribution of content for mobile phones, consignment of website development, mail order sales, etc.

C. NAMCO BANDAI Holdings Inc. (the Company)
Planning and implementation of management strategy and business management and instruction of the group companies.

(ii) Legal Form of the Business Combinations

A. An absorption-type merger in which Bandai Networks Co., Ltd. was the disappearing company; and NAMCO BANDAI Games Inc. was the surviving company.
B. An absorption-type company split in which Bandai Networks Co., Ltd. was the split company; and the Company was the successor company.

(iii) Overview of Transaction Including Transaction Objectives

The Group has considered what its optimal organizational structure would be to work for further growth in the network-related market, which includes distributing content for mobile phones: this is a market for which technological progress and other factors have produced drastic changes in the environment and in which competition is becoming increasingly intense on a global scale. Thus far, NAMCO BANDAI Games Inc. has strengths in leveraging its in-house technical development capabilities and effectively utilizing content for each platform, including home video game software, coin-operated game machines, and mobile phones. Also, Bandai Networks Co., Ltd. has strengths in the comprehensive development of operations, such as e-commerce, centered on the distribution of mobile phone content and the provision of technical solutions. NAMCO BANDAI Games Inc., and Bandai Networks Co., Ltd., have each worked to grow their businesses by leveraging their respective strengths. This time, the merger of these two companies and the establishment of a new business unit within NAMCO BANDAI Games Inc. are designed to reinforce the total power of the network business within the Group and to create new content and businesses through the synergistic fusion of varied strengths.
In addition, upon this restructuring within the Group, the Company has succeeded to part of the share management business that had been carried out by Bandai Networks Co., Ltd., due to the company split (absorption-type company split).

(2) Overview of Accounting Process

The accounting process for the consolidated financial statements was conducted as transactions conducted by commonly controlled entities, handled in accordance with the provisions of the “Accounting Standard for Business Combinations” (issued by the Business Accounting Council on October 31, 2003) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, final revision issued on November 15, 2007).

Non-Consolidated Balance Sheet
(As of March 31, 2010)

	(Millions of yen)
	Amount
ASSETS	
Current assets	
Cash and time deposits	26,105
Trade receivables	271
Prepaid expenses	230
Other current assets	1,595
Total current assets	**28,202**
Fixed assets	
Property, plant and equipment	
Buildings	32
Structures	260
Tools, furniture and fixtures	23
Total property, plant and equipment	316
Intangible assets	
Goodwill	623
Software	29
Total intangible assets	653
Investments and other assets	
Investment securities	11,025
Investments in affiliated companies	287,090
Long term prepaid expenses	63
Other investments and assets	1,869
Total investments and other assets	300,050
Total fixed assets	**301,019**
TOTAL ASSETS	**329,222**

	(Millions of yen)
	Amount
LIABILITIES	
Current liabilities	
Short-term borrowings from affiliated companies	60,614
Short-term borrowings	8,657
Accounts payable-other	274
Accrued expenses	185
Accrued income taxes	3
Deposits receivables	16
Unearned revenue	171
Other current liabilities	48
Total current liabilities	**69,971**
Long-term liabilities	
Long-term borrowings	3,333
Accrued retirement and severance benefits	12
Other long-term liabilities	147
Total long-term liabilities	**3,493**
TOTAL LIABILITIES	**73,464**
NET ASSETS	
Stockholders' equity	
Common stock	10,000
Additional paid-in capital	202,038
Capital reserve	2,500
Other capital surplus	199,538
Retained earnings	52,832
Legal reserve	1,645
Other retained earnings	51,187
General reserve	26,104
Retained earnings carried forward	25,082
Treasury stock	(9,413)
Total stockholders' equity	**255,457**
Valuation difference and translation adjustments	
Other securities valuation difference	(510)
Total valuation difference and translation adjustments	**(510)**
Stock subscription rights	**810**
TOTAL NET ASSETS	**255,757**
TOTAL LIABILITIES AND NET ASSETS	**329,222**

Non-Consolidated Statement of Income
(From April 1, 2009 to March 31, 2010)

		(Millions of yen)
		Amount
Operating revenue		9,608
Dividend income from affiliated companies	6,705	
Business management income from affiliated companies	2,903	
Operating expenses		2,631
General and administrative expenses	2,631	
Operating income		6,976
Non-operating income		2,156
Interest income	43	
Dividend income	133	
Rental income	1,955	
Other non-operating income	24	
Non-operating expenses		2,667
Interest expense	265	
Expenses related to rental assets	1,938	
Foreign exchange loss	413	
Other non-operating expenses	51	
Recurring income		6,465
Extraordinary income		929
Gain on sales of investment securities	174	
Gain on extinguishment of tie-in shares	352	
Gain on reversal of stock subscritpion rights	402	
Other extraordinary income	0	
Extraordinary loss		151
Loss on sales of investment securities	16	
Loss on valuation of investment securities	81	
Bad debt written off	51	
Other extraordinary losses	1	
Income before income taxes		7,243
Corporate income, inhabitant and enterprise taxes	33	
Income taxes for the previous period	(86)	(53)
Net income		7,296

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2009 to March 31, 2010)

	(Millions of yen)
Stockholders' equity	
Common stock	
Balance as of March 31, 2009	10,000
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2010	10,000
Additional paid-in capital	
Capital reserve	
Balance as of March 31, 2009	2,500
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2010	2,500
Other capital surplus	
Balance as of March 31, 2009	199,467
Changes during the period	
Disposal of treasury stock	71
Total changes during the period	71
Balance as of March 31, 2010	199,538
Total additional paid-in capital	
Balance as of March 31, 2009	201,967
Changes during the period	
Disposal of treasury stock	71
Total changes during the period	71
Balance as of March 31, 2010	202,038
Retained earnings	
Legal reserve	
Balance as of March 31, 2009	1,645
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2010	1,645
Other retained earnings	
General reserve	
Balance as of March 31, 2009	26,104
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2010	26,104
Retained earnings carried forward	
Balance as of March 31, 2009	23,581
Changes during the period	
Cash dividends	(5,795)
Net income	7,296
Total changes during the period	1,500
Balance as of March 31, 2010	25,082
Total retained earnings	
Balance as of March 31, 2009	51,331
Changes during the period	
Cash dividends	(5,795)
Net income	7,296
Total changes during the period	1,500
Balance as of March 31, 2010	52,832

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2009 to March 31, 2010)

	(Millions of yen)
Treasury stock	
Balance as of March 31, 2009	(9,588)
Changes during the period	
Purchase of treasury stock	(9)
Disposal of treasury stock	184
Total changes during the period	175
Balance as of March 31, 2010	(9,413)
Total stockholders' equity	
Balance as of March 31, 2009	253,709
Changes during the period	
Cash dividends	(5,795)
Net income	7,296
Purchase of treasury stock	(9)
Disposal of treasury stock	256
Total changes during the period	1,747
Balance as of March 31, 2010	255,457
Valuation difference and translation adjustments	
Other securities valuation difference	
Balance as of March 31, 2009	(2,284)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	1,773
Total changes during the period	1,773
Balance as of March 31, 2010	(510)
Total valuation difference and translation adjustments	
Balance as of March 31, 2009	(2,284)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	1,773
Total changes during the period	1,773
Balance as of March 31, 2010	(510)
Stock subscription rights	
Balance as of March 31, 2009	1,468
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(657)
Total changes during the period	(657)
Balance as of March 31, 2010	810
Total net assets	
Balance as of March 31, 2009	252,893
Changes during the period	
Cash dividends	(5,795)
Net income	7,296
Purchase of treasury stock	(9)
Disposal of treasury stock	256
Net changes in the period other than changes in stockholders' equity	1,115
Total changes during the period	2,863
Balance as of March 31, 2010	255,757

Notes to Non-Consolidated Financial Statements

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

1. Notes Concerning Significant Accounting Policies

(1) Valuation Basis and Methods for Assets:

Valuation basis and methods for securities:

(i) Shares of Subsidiaries and Affiliated Companies:
Stated using cost method based on the moving average method.

(ii) Other Securities:
Securities with market values:
Stated using the market price method based on amounts using market prices, etc. on the closing date. (Valuation differences are reflected directly in net assets and cost of sales is calculated using the moving average method.)
Securities without market values:
Stated using cost method based on the moving average method.

(2) Depreciation Methods for Fixed Assets:

(i) Property, Plant and Equipment:
Stated using the declining-balance method.
The general useful life of property, plant and equipment is as follows:

Buildings	8 to 18 years
Structures	10 years
Tools, furniture and fixtures	3 to 15 years

(ii) Intangible Assets:
Stated using the straight-line method.
The general years of depreciation of intangible assets is as follows:

Goodwill	5 years
Software (used internally)	5 years

(3) Basis of Recognition for Provision:

Accrued Retirement and Severance Benefits:
The Company provides for retirement and severance benefits for employees based on estimated retirement benefit obligations as of the end of this fiscal year.

(4) Accounting Treatment of Consumption Tax:

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

(5) Change in Method of Presentation

(Non-Consolidated Balance Sheet)
What had been stated through the previous fiscal year as “Uncollected refunds of income taxes” (for which the balance for this fiscal year is 1,215 million yen) was stated within “Other current assets” since it is at or below 1 percent of the total of assets.

(Non-Consolidated Statement of Income)
(i) “Gain on sales of investment securities” which had been stated through the previous fiscal year within “Other extraordinary income” in “Extraordinary income” was stated separately, since it is above 10 percent of the total extraordinary income.
The total of “Gain on sales of investment securities” for the previous fiscal year was one million yen.

(ii) "Income taxes for the previous period," which had been stated through the previous fiscal year within "Corporate income, inhabitant and enterprise taxes" was stated separately, since its monetary importance has increased in this fiscal year.
The total of "Income taxes for the previous period" for the previous fiscal year was negative 22 million yen.

2. Notes to Non-Consolidated Balance Sheet

(1) Amount of accumulated depreciation of property, plant and equipment: ¥101 million

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

Short-term monetary claims on affiliated companies:	¥632 million
Short-term monetary obligations to affiliated companies:	¥201 million

3. Notes to Non-Consolidated Statement of Income

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

Non-operating Transactions:

Non-operating income	¥1,980 million
Non-operating expenses	¥144 million

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

The total number and category of treasury stock as of the end of this fiscal year

Common stock	8,432,955 shares

5. Notes Concerning Tax Effect Accounting

Breakdown of Main Reasons for Deferred Tax Assets

Deferred tax assets	
Loss on valuation of investments in affiliated companies	¥950 million
Loss on valuation of investment securities	¥417 million
Losses carried forward	¥222 million
Other securities valuation difference	¥207 million
Stock remuneration expenses	¥109 million
Accrued bonuses	¥28 million
Others	¥32 million
Subtotal deferred tax assets	¥1,968 million
Valuation allowance	(¥1,939 million)
Total deferred tax assets	¥29 million
Deferred tax liabilities	
Enterprise tax receivable	(¥29 million)
Total gross deferred tax liabilities	(¥29 million)
Net deferred tax assets	¥－million

6. Notes Concerning Transactions with Related Parties

(1) Subsidiaries and Affiliated Companies, etc.

(Millions of yen)

Type	Company	Ratio of voting rights ownership	Relationship with related parties	Content	Amount	Account items	Balance as of March 31, 2010
Subsidiary	Bandai Co., Ltd.	Holding directly 100.0%	Interlocking directorate	Receipt of dividends (Note 1)	2,226	—	—
				Borrowings (Note 2)	13,439	Short-term borrowings from affiliated companies	19,052
				Payment of interest	40	—	—
Subsidiary	NAMCO BANDAI Games Inc.	Holding directly 100.0%	—	Receipt of dividends (Note 1)	2,619	—	—
				Rental building	1,807	—	—
				Borrowings (Note 2)	6,953	Short-term borrowings from affiliated companies	13,079
				Payment of interest	20	—	—
Subsidiary	BANDAI VISUAL CO., LTD.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 2)	4,038	Short-term borrowings from affiliated companies	4,391
				Payment of interest	14	—	—
Subsidiary	NAMCO LIMITED	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 2)	6,534	Short-term borrowings from affiliated companies	8,486
				Payment of interest	18	—	—
Subsidiary	Banpresto Co., Ltd.	Holding indirectly 100.0%	—	Borrowings (Note 2)	3,708	Short-term borrowings from affiliated companies	4,680
				Payment of interest	11	—	—
Subsidiary	Sunrise Inc.	Holding directly 91.8% indirectly 7.6%	—	Borrowings (Note 2)	9,713	Short-term borrowings from affiliated companies	9,786
				Payment of interest	32	—	—
Subsidiary	BANDAI S.A.	Holding indirectly 100.0%	—	Underwriting of capital increase (Note 3)	11,600	—	—

Conditions of transactions and policies for determining the conditions of transactions

(Notes) 1. The receipt of dividends is based on the Group’s regulations.

2. The borrowings are transactions made by the cash management system (CMS); the amount stated is the average balance during this fiscal year. The interest rate on these borrowings is, based on intra-Group regulations, determined reasonably, taking into account market interest rates.

3. ¥11,600 million is the sum of the following amounts: ¥6,412 million by issuance of shares by means of shareholders allotment underwritten by the Company; ¥3,660 million by debt equity swap by the Company; and ¥1,527 million by contribution in kind of shares in BANDAI ESPANA S.A. and in other subsidiary held by the Company.

(2) Officers and Major Individual Shareholders, etc.

(Millions of yen)

Type	Name	Ratio of voting rights ownership	Relationship with related parties	Content	Amount	Account items	Balance as of March 31, 2010
Officer	Takeo Takasu	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying exercise of stock options (Note)	25	—	—
Officer	Shukuo Ishikawa	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying exercise of stock options (Note)	22	—	—
Officer	Jun Higashi	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying exercise of stock options (Note)	21	—	—
Officer	Kazunori Ueno	Ownership directly 0.0%	Director of the Company	Disposal of treasury stock accompanying exercise of stock options (Note)	28	—	—

(Note) The price at which treasury stock is disposed of is determined based on the stock options (stock subscription rights) exercise price set by the resolution at the first Ordinary General Meeting of Shareholders of the Company. The figure in the “Amount” column is the book value as stated on the Company books at the time of such disposal.

7. Notes Concerning Per-Share Data

Net assets per share: ¥1,055.39
Net income per share: ¥30.21

8. Other Notes

Matters Concerning Business Combinations, etc.
(Transactions, etc. Conducted by Commonly Controlled Entities)

Merger of subsidiaries and succession to a part of the businesses of a subsidiary due to a company split in the course of the restructuring of the Group’s businesses.

These notes are omitted here because they are stated above in the Notes to Consolidated Financial Statements, under “VI. Other Notes, 3. Notes Concerning Business Combinations, etc.”

Accounting Auditor's Report Concerning the Consolidated Financial Statements

Independent Auditor's Report

May 19, 2010

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 statements of income, consolidated statements of changes in net assets and notes to consolidated financial statements of NAMCO BANDAI Holdings Inc. for this consolidated fiscal year from April 1, 2009 to March 31, 2010 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 an independent auditor.

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 this consolidated fiscal year of these statements for NAMCO BANDAI Holdings Inc. and the Group consisting of consolidated subsidiaries are correctly listed.

Our firm 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 Auditor's Report Concerning the Non-Consolidated Financial Statements

Independent Auditor's Report

May 19, 2010

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 statements of income, non-consolidated statements of changes in net assets and notes to financial statements of NAMCO BANDAI Holdings Inc. and their supplementary statements for the 5th fiscal year from April 1, 2009 to March 31, 2010 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act. The preparation of the non-consolidated financial statements and their supplementary statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the non-consolidated financial statements and their 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 their 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 their supplementary statements. We believe that our audit provides a reasonable basis for our opinion.

We find that the aforementioned non-consolidated financial statements and their 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 the non-consolidated financial statements and their supplementary statements are correctly listed.

Our firm 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 5th fiscal year from April 1, 2009 to March 31, 2010, 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 5th auditing plan (auditing policies, duties assigned to each Corporate Auditor and auditing methods), received 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, etc. and the Accounting Auditor, and requested explanations as necessary.

Each Corporate Auditor communicated with the Directors, the internal auditing division, and 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. We 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. We 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 Ordinance of the Companies Act. In addition, we received reports on evaluations and audit status of internal controls on financial reporting from Directors, etc. and from KPMG AZSA & Co., the Accounting Auditor of the Company, concerning internal controls on financial reporting, and requested explanations thereof as necessary. We further examined the content of basic policies (Article 118, Item 3-(a) of the Enforcement Ordinance of the Companies Act) and actions (Article 118, Item 3-(b) 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 the Directors and the Corporate Auditors, etc of the subsidiaries, and received reports as necessary from them. Using the aforementioned method, we examined the business reports and supplementary statements for this fiscal year under review.

Furthermore, we monitored and verified that the 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 131 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-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes thereto), their supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes thereto) for this 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. We recognize that there is nothing to be cited with respect to the execution of duties by Directors for those internal control systems. In addition, as of the date hereof, we have received reports from the Directors, etc. and from KPMG AZSA & Co. as to the effectiveness of the internal controls on financial reporting.

(iv) We confirm that there is nothing to be cited in respect of the basic policy described in the business report concerning how controlling policy decisions regarding the financial and business activities of the Company should be made.

We confirm that actions (Article 118, Item 3-(b) of the Enforcement Ordinance of the Companies Act) described in the business report 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 the directors of the Company.

(2) Audit Result of non-consolidated financial statements and their 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 21, 2010

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.

It is to be regretted that the Company posted a net loss on a consolidated performance basis for this fiscal year. Nonetheless because the Company places priority on providing returns to shareholders, the Company will pay a year-end dividend of ¥12 per share for this fifth fiscal year.

Since the Company paid an interim dividend of ¥12 per share on December 7, 2009, 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 ¥2,898,804,540

(iii) Effective date of distribution of surplus (dividend):
June 22, 2010

Proposal No. 2 Election of Nine (9) Directors

Since the terms of office of the nine (9) Directors of the Company will expire as of the conclusion of this General Meeting of Shareholders, the Company requests the election of nine (9) Directors.

The candidates for Director of the Company are as follows:

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	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 May 2007: Chairman of the Japan Toy Association (current position) Apr. 2009: Chairman and Representative Director of the Company Feb. 2010: Chairman and Director of the Company (current position) (Major concurrent positions) Chairman of the Japan Toy Association	84,250 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
2	Shukuo Ishikawa (April 15, 1955)	Apr. 1978: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) Aug. 1991: General Manager, EM Development Department of NAMCO LIMITED Jun. 1995: Director in charge of Development Division II, General Manager, EM Development Department and VS Development Department of NAMCO LIMITED Jun. 1999: Managing Director in charge of Research, Development and Production, and Development Division II of NAMCO LIMITED Apr. 2005: Executive Vice President and Representative Director in charge of contents business of NAMCO LIMITED Apr. 2006: President and Representative Director of NAMCO BANDAI Games Inc. Jun. 2006: Director of the Company Apr. 2009: President and Representative Director of the Company (current position) Apr. 2010: President and Representative Director of NAMCO BANDAI Games Inc. (current position) (Major concurrent positions) President and Representative Director of NAMCO BANDAI Games Inc.	9,000 Shares
3	Shuji Ohtsu (August 6, 1959)	Mar. 1986: Licensed as a CPA Dec. 1996: Partner in Century Audit Corporation Jan. 2000: Partner in Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC) Sep. 2003: Partner in KPMG AZSA & Co. May 2004: Board Member of KPMG AZSA & Co. Oct. 2007: Joined the Company as Adviser Jun. 2008: Director in charge of Overseas Operations, Group Administrative Headquarters, Corporate Legal Affairs Office and Internal Auditing Division of the Company Apr. 2010: Director in charge of Overseas Operations, Group Administrative Headquarters, and the Internal Auditing Division of the Company (current position)	5,800 Shares
4 (*)	Yuji Asako (January 18, 1966)	Apr. 1986: Joined Bandai Co., Ltd. Aug. 2005: General Manager, Accounting Division of Bandai Co., Ltd. Sep. 2005: Joined the Company, as General Manager of the Corporate Administration Department Apr. 2006: Director, NAMCO BANDAI Games Inc. (current position) Apr. 2008: Executive Officer, Division General Manager of Corporate Planning Division of the Company (current position)	5,000 Shares

(*) New candidate for Director of the Company

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
5	Kazunori Ueno (September 16, 1953)	Apr. 1977: Joined Bandai Co., Ltd. Apr. 1991: General Manager, Candy Toy / Vending Machine Business Department of Bandai Co., Ltd. Jun. 2001: Director in charge of the Toy Business Projects and General Manager, Character Toy Business Department of Bandai Co., Ltd. Apr. 2003: Managing Director and President, Toys & Hobby Company and Chief Gundam Officer (CGO) of Bandai Co., Ltd. Jun. 2005: President and Representative Director of Bandai Co., Ltd., and Chief Gundam Officer (CGO) (current position) Sep. 2005: Director of the Company Jun. 2007: Director in charge of Toys and Hobby SBU of the Company (current position) (Major concurrent positions) President and Representative Director of BANDAI Co., Ltd.	37,150 Shares
6 (*)	Masahiro Tachibana (April 16, 1951)	Apr. 1978: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) Jul. 1986: General Manager, Operations Division of NAMCO LIMITED Jun. 1988: Director in charge of Operations Representative and General Manager, Operations Division of NAMCO LIMITED Jun. 1989: Managing Director in charge of Operations, and General Manager, Operations Division of NAMCO LIMITED Jun. 1994: Representative Director and Managing Director of NAMCO LIMITED Apr. 2004: Representative Director and Senior Managing Director, CT Company President, and Head of CT Control Division of NAMCO LIMITED Apr. 2005: Senior Managing Director of NAMCO LIMITED Sep. 2005: Director in charge of domestic market of the Company Apr. 2008: Director in charge of Amusement Facility SBU of the Company President and Representative Director of NAMCO LIMITED*(current position) (Major concurrent positions) President and Representative Director of NAMCO LIMITED* * Newly established company through the company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)	26,600 Shares

(*) New candidate for Director of the Company

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
7	Masatake Yone (July 8, 1954)	Apr. 1981: Admitted to the bar in Japan Mar. 1987: Admitted to the bar in the State of New York Jan. 1989: Partner in Mori Sogo Law Firm (currently Mori Hamada & Matsumoto Law Firm) (current position) Sep. 2005: Director of the Company (current position) (Major concurrent positions) Attorney at Law; Partner in Mori Hamada & Matsumoto Law Firm Outside Director of GCA Savvian Corporation Outside Corporate Auditor of THK CO., LTD.	--- Shares
8	Kazuo Ichijo (October 13, 1958)	Apr. 1988: Full-time Instructor in the Faculty of Social Sciences, Hitotsubashi University Oct. 1993: Associate Professor in the Faculty of Social Sciences, Hitotsubashi University Apr. 2001: Professor in the Graduate School of Social Sciences, Hitotsubashi University Jun. 2005: Director of Bandai Co., Ltd. Sep. 2005: Director of the Company (current position) Apr. 2007: Professor in the Graduate School of International Corporate Strategy, Hitotsubashi University (current position) (Major concurrent positions) Professor in the Graduate School of International Corporate Strategy, Hitotsubashi University Outside Director of Shimano, Inc. Outside Director of Calbee Foods Co., Ltd. Outside Corporate Auditor of Information Services International-Dentsu, Ltd.	--- Shares
9	Manabu Tazaki (November 8, 1948)	Jul. 1972: Joined McDonald’s Company (Japan), Ltd. (currently McDonald’s Holdings Japan) Dec. 1989: Joined Toys “R” US-Japan, Ltd. Apr. 1993: President and Representative Director of Toys “R” US-Japan, Ltd. Apr. 2004: Chairman, Representative Director, and Chief Executive Officer of Toys “R” US-Japan, Ltd. Jun. 2006: Advisor to StudioAlice Co., Ltd. (current position) Jul. 2006: Business Advisor to the Company Apr. 2008: Director of NAMCO LIMITED* Jun. 2009: Director of the Company (current position) * Newly established company through the company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)	1,700 Shares

(Notes) 1. Each of Mr. Masatake Yone, Mr. Kazuo Ichijo, and Mr. Manabu Tazaki are candidates for Outside Director of the Company. Mr. Masatake Yone, Mr. Kazuo Ichijo, and Mr. Manabu Tazaki are currently Outside Director of the Company; at the conclusion of this General Meeting of Shareholders, it will be about 4 years and 9 months since Mr. Yone and Mr. Ichijo assumed the office of Outside Director and about 1 year since Mr. Tazaki assumed the office of Outside Director. A Liability Limitation Agreement under Article 427, Paragraph 1 of the Companies Act, has not been concluded between any of these candidates and the Company.

(1) Reason for Proposing Them as Candidates for Outside Director of the Company and Their Competence as Outside Director

Although 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 of the Company arises from the expectation that, due to his experience 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 the Company believes that he will be able to fulfill the duties of an Outside Director appropriately.

Although 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 of the Company arises from the expectation that, due to his teaching experience as a researcher of organizational theory, etc. over many years, he will be able to use his deep knowledge to supervise and review the Company’s management, and the Company believes that he will be able to fulfill the duties of an Outside Director appropriately.

The reason for proposing Mr. Manabu Tazaki as a candidate for Outside Director of the Company arises from the expectation that, due to his extensive experience as a manager of corporations, his excellent character and knowledge, and his thorough view of trends in the industries in which the Group is developing its businesses, including the toys and hobby industry, he will be able to serve to strengthen management oversight and check functions further as well as to incorporate a broader managerial perspective into the Company, and the Company believes that he will be able to fulfill the duties of an Outside Director appropriately.

(2) Independence as Outside Director

The Company believes that Mr. Masatake Yone, Mr. Kazuo Ichijo, and Mr. Manabu Tazaki, who are candidates for Outside Director of the Company, have no risk of conflicts of interest with general shareholders and have a high degree of independence; The Company has appointed Mr. Kazuo Ichijo as an Independent Director/Auditor as defined in the rules of the Tokyo Stock Exchange and has filed the notification regarding his appointment thereto.

As the property to be described pursuant to Article 74, Paragraph 4, Item 6 (b) of the Ordinance for Enforcement of the Companies Act, with respect to Mr. Masatake Yone, NAMCO BANDAI Games Inc. pays remuneration to Mori Hamada & Matsumoto Law Firm, in which Mr. Masatake Yone is a partner, for legal work. With respect to Mr. Manabu Tazaki, the Company has paid him remuneration for his service as a business advisor in the past two years.

2. Apart from the remuneration stated in 1. (2) above, there are no special interests between the candidates for the Director and the Company.

Proposal No. 3 Election of Four (4) Corporate Auditors

Since the terms of office of the four (4) Corporate Auditors of the Company will expire as of the conclusion of this General Meeting of Shareholders, the Company requests the election of four (4) Corporate Auditors.

This Proposal has already been approved by the Board of Corporate Auditors.

The candidates for Corporate Auditor of the Company are as follows:

Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
1	Koichiro Homma (January 31, 1952)	Apr. 1974: Joined the Sumitomo Bank Ltd. (currently Sumitomo Mitsui Banking Corporation) Oct. 1995: General Manager, Mita Branch, the Sumitomo Bank Ltd. Feb. 1998: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) as General Manager, Office of the President Jun. 1999: Director, and General Manger, Office of the President, and General Manager, Corporate Communications Department of NAMCO LIMITED Jun. 2004: Full Time Corporate Auditor of NAMCO LIMITED Sep. 2005: Full Time Corporate Auditor of the Company (current position)	20,664 Shares
2 (*)	Katsuhiko Kohtari (January 19, 1960)	Apr. 1982: Joined Peat Marwick Mitchell & Co., an accounting firm Mar. 1986: Licensed as a CPA Aug. 1988: Joined the Chuo Shinko Audit Corporation Jun. 2005: Full Time Corporate Auditor of Bandai Co., Ltd. (current position)	1,200 Shares

* New candidate for Corporate Auditor of the Company

Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
3	Osamu Sudoh (January 24, 1952)	Apr. 1980: Admitted to the bar in Japan Apr. 1983: Partner in Tokyo Yaesu Law Office Jun. 1999: Partner in Sudoh & Takai Law Offices (current position) Jun. 2003: Corporate Auditor of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) Sep. 2005: Corporate Auditor of the Company (current position) Mar. 2006: Corporate Auditor of NAMCO LIMITED* (current position) * Newly established company through the company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) (Major concurrent positions) Attorney at Law; Partner in Sudoh & Takai Law Offices Outside Director of eBANK Corporation (currently Rakuten Bank, Ltd.) Outside Corporate Auditor of USEN Corporation	3,900 Shares
4	Kouji Yanase (October 17, 1942)	Apr. 1969: Admitted to the bar in Japan Jul. 1984: Established Yanase Law Office Jun. 1997: Corporate Auditor of Bandai Co., Ltd. Sep. 2002: Partner in Marunouchi-Chuo Law Office (current position) Apr. 2005: Vice Chairman of Japan Federation of Bar Associations Chairman of Tokyo Bar Association Sep. 2005: Corporate Auditor of the Company (current position) (Major concurrent positions) Attorney at Law; Partner in Marunouchi-Chuo Law Office	19,553 Shares

(Notes) 1. Each of Mr. Katsuhiko Kohtari, Mr. Osamu Sudoh and Mr. Kouji Yanase are candidates for Outside Corporate Auditor of the Company. Both Mr. Osamu Sudoh and Mr. Kouji Yanase are currently Outside Corporate Auditor of the Company; at the conclusion of this General Meeting of Shareholders, it will be about 4 years and 9 months since Mr. Osamu Sudoh and Mr. Kouji Yanase assumed the office of Outside Auditor. A Liability Limitation Agreement under Article 427, Paragraph 1 of the Companies Act, has not been concluded between either of these two candidates and the Company.

(1) Reason for Proposing Them as Candidates for Outside Corporate Auditor of the Company and Their Competence as Outside Corporate Auditor

Although Mr. Katsuhiko Kohtari has not been involved in the management of a company other than through his role as an Outside Corporate Auditor in the past, the reason for proposing Mr. Kohtari as a candidate for Outside Corporate Auditor of the Company arises from the expectation that, due to his experience as a CPA over many years, he will be able to utilize his knowledge and experience in corporate accounting in the Company's auditing system, and the Company believes that he will be able to fulfill the duties of an Outside Corporate Auditor appropriately.

Although Mr. Osamu Sudoh 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. Sudoh as a candidate for Outside Corporate Auditor of the Company arises from the expectation that, due to his experience as an attorney over many years, he will be able to utilize his high level of knowledge and experience from a legal perspective in the Company's auditing system, and the Company believes that he will be able to fulfill the duties of an Outside Corporate Auditor appropriately.

Although Mr. Kouji Yanase has not been involved in the management of a company other than through his role as an Outside Corporate Auditor in the past, the reason for proposing Mr. Yanase as a candidate for Outside Corporate Auditor of the Company arises from the expectation that, due to his experience as an attorney over many years, he will be able to utilize his high level of knowledge and experience from a legal perspective in the Company's auditing system, and the Company believes that he will be able to fulfill the duties of an Outside Corporate Auditor appropriately.

(2) Independence as Outside Corporate Auditor

The Company believes that Mr. Katsuhiko Kohtari, Mr. Osamu Sudoh, and Mr. Kouji Yanase, who are candidates for Outside Corporate Auditor of the Company, have no risk of conflicts of interest with general shareholders and have a high degree of independence.

As the property to be described pursuant to Article 76, Paragraph 4, Item 6 (b) of the Ordinance for Enforcement of the Companies Act, with respect to Mr. Kouji Yanase, Bandai Co., Ltd. pays remuneration to Marunouchi-Chuo Law Office, in which Mr. Kouji Yanase is a partner, for legal work.

2. Apart from the remuneration stated in 1. (2) above, there are no special interests between the candidates for the Outside Corporate Auditor and the Company.

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