NAMCO BANDAI Holdings Inc.

Notice of the Seventh Ordinary General Meeting of Shareholders to be held on June 18, 2012

An English translation of the original notice in Japanese

DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Seventh Ordinary General Meeting of Shareholders of NAMCO BANDAI Holdings Inc.” which meeting is to be held on June 18, 2012. 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 28, 2012

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

Dear Shareholders,

NOTICE OF THE SEVENTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Seventh 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 16, 2012.

Meeting Details

1. **Date and Time:** June 18, 2012 (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 Seventh Fiscal Year (from April 1, 2011 to March 31, 2012)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Seventh Fiscal Year (from April 1, 2011 to March 31, 2012)

Matters to be Resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Nine (9) Directors
Proposal No. 3: Decision on Remuneration Amount and Details for Directors’ Stock Options

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 more than once, using a personal computer, a smartphone and/or 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 the exercise of voting rights (http://www.evote.jp/) from a PC, a smartphone, 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 or smartphone 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 smartphone or mobile phone, all packet communication fees and other costs incurred in the use of a smartphone or 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, 2011 to March 31, 2012)

1. Current Status of the Group

(1) Business Status for This Fiscal Year

(i) Business Progress and Results

In this fiscal year, harsh economic conditions continued, due to factors related to the Great East Japan Earthquake, such as the extensive damage it caused and electric power shortages, as well as other factors such as the depressed economy in North America and Europe and the rapid appreciation of the yen. As for the entertainment industry, weak individual consumption and other factors have added further uncertainty to the outlook.

In this environment, the BANDAI NAMCO Group ("the Group") pressed ahead with the development of its global management foundation, in the final fiscal year of the three-year Mid-term Plan that started in April 2009, and sought to realize medium- to long-term growth.

On the business front, long-established character toys and peripheral toy category products such as cards in the Toys and Hobby Business and arcade game machines, network content, and home video game software in the Content Business contributed to performance. In the Amusement Facility Business, existing-facility sales in Japan trended favorably.

Consequently, the Group's consolidated results at fiscal year-end were net sales of 454,210 million yen (year-on-year increase of 15.2%), operating income of 34,606 million yen (year-on-year increase of 111.8%), recurring income of 34,960 million yen (year-on-year increase of 113.2%), and net income of 19,303 million yen (year-on-year increase of 944.3%).

(ii) Outline of Business by Business Segment

(Millions of yen)

Business Segment	Net Sales			Operating Income		
	Year Ended March 31, 2012	Year Ended March 31, 2011	Change	Year Ended March 31, 2012	Year Ended March 31, 2011	Change
Toys and Hobby	177,994	158,374	Increase of 19,620	16,112	13,812	Increase of 2,299
Content	225,503	179,917	Increase of 45,586	17,003	3,092	Increase of 13,911
Amusement Facility	61,032	62,337	Decrease of 1,304	2,380	1,778	Increase of 601
Other	27,482	18,503	Increase of 8,978	2,050	810	Increase of 1,240
Eliminations and Corporate	(37,801)	(24,953)	Decrease of 12,848	(2,941)	(3,156)	Increase of 214
Consolidated	454,210	394,178	Increase of 60,032	34,606	16,338	Increase of 18,268

Toys and Hobby Business

In the Toys and Hobby Business, domestically, products in the *KAMEN RIDER* series and *the Super Sentai* series (*POWER RANGERS* series) proved extremely popular as a result of product categories being developed in coordination with each other. Also contributing to this business's results was strong performance by card games, including digital card games such as *DRAGON BALL HEROES* and trading card games such as *Battle Spirits*. In new developments, *The Little Battlers* plastic models gained popularity, mainly among elementary-school-age boys, and highly collectable toys for adults also performed well.

Overseas, in the North American region, *Power Rangers SAMURAI* toys, the first new creation in the *Power Rangers* series in two years, proved popular, and sales in the Asian region, mainly of character products popular in Japan, trended favorably. In the European region, products were developed in new categories, including toys for girls and for pre-school-aged children, but performance did not reach the level of the previous fiscal year, when this business's solid performance centered mainly on popular character toys.

As a result, net sales in the Toys and Hobby Business were 177,994 million yen (year-on-year increase of 12.4%), and operating income was 16,112 million yen (year-on-year increase of 16.7%).

Content Business

In the Content Business, in the arcade game machines area, in addition to the latest arcade game machines for popular series such as *Wangan Midnight Maximum Tune 4*, repeat sales of well-established prize machines and sales of prizes and the like contributed to performance. In home video game software, the popular title in North America and Europe was *DARK SOULS,* for PlayStation 3 and Xbox 360. Domestically, games such as *TALES OF XILLIA* and *ONE PIECE KAIZOKU MUSOU* for PlayStation 3 and *AKB1/48 Idol to Guam de Koishitara . . .* for PlayStation Portable proved highly popular. In addition, in the network content area, social games such as the *Mobile Suit Gundam* series and *ONE PIECE Grand Collection* performed extremely well. In the visual and music content areas, visual package software such as *Mobile Suit Gundam UC (Unicorn)* and *TIGER & BUNNY* also proved popular.

As a result, net sales in the Content Business were 225,503 million yen (year-on-year increase of 25.3%), and operating income was 17,003 million yen (year-on-year increase of 449.9%).

Amusement Facility Business

In the Amusement Facility Business, domestically, differentiated facilities located in shopping centers that offer customers the opportunity to experience the distinctive worldview of specific characters were particularly popular. Within a market environment that is difficult to read, existing facilities performed favorably, with net sales rising to 100.1% of the result for the previous fiscal year. In addition, in implementing the plan to specialize in core businesses with the objective of increasing profitability, transfers of some businesses were carried out.

In the challenging market environment presented by countries outside Japan, sales declined in North America and Europe, but profits trended favorably, due to selection and concentration of stores.

As a result, net sales in the Amusement Facility Business were 61,032 million yen (year-on-year decrease of 2.1%), and operating income was 2,380 million yen (year-on-year increase of 33.8%).

Number of Facilities as of March 31, 2012

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
255	1,008	2	1,265

Other Businesses

Other Businesses consist of companies that conduct businesses such as logistics support, building management, and printing for each of the Group's businesses. During this fiscal year, such businesses related to group support expanded, while efforts were also made to improve the efficiency of their operations.

As a result, net sales in the Other Businesses were 27,482 million yen (year-on-year increase of 48.5%), and operating income was 2,050 million yen (year-on-year increase of 153.0%).

(iii) Capital Expenditures

In this fiscal year, the Group carried out 12,808 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, as well as for acquiring tangible fixed assets for office agglomeration of the Group companies in the Hong Kong area through Bandai (H.K.) CO., LTD., a subsidiary of the Company.

(iv) Fundraising

In this fiscal year, the Group raised a total of 20,000 million yen in long-term borrowings from financial institutions, mainly for the purposes of acquiring treasury stock.

(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 January 1, 2011, BANDAI KOREA CO., LTD., and CREATIVE B WORKS CO., LTD., subsidiaries of the Company, carried out an absorption-type merger in which BANDAI KOREA CO., LTD. was the surviving company.

On January 4, 2011, NAMCO BANDAI Games America Inc. and NAMCO NETWORKS AMERICA INC., subsidiaries of the Company, carried out an absorption-type merger in which NAMCO BANDAI Games America Inc. was the surviving company.

On April 1, 2011, BANDAI VISUAL CO., LTD., and EMOTION CO., LTD., subsidiaries of the Company, carried out an absorption-type merger in which BANDAI VISUAL CO., LTD. was the surviving company.

On January 1, 2012, NAMCO BANDAI Games Inc. and NAMCO TALES STUDIO LTD., subsidiaries of the Company, carried out an absorption-type merger in which NAMCO BANDAI Games Inc. was the surviving company.

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

Not applicable.

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

Fiscal Year Classification	4th Fiscal Year (Year Ended March 31, 2009)	5th Fiscal Year (Year Ended March 31, 2010)	6th Fiscal Year (Year Ended March 31, 2011)	7th Fiscal Year (This Fiscal Year) (Year Ended March 31, 2012)
Net sales (Millions of yen)	426,399	378,547	394,178	454,210
Recurring income (Millions of yen)	24,513	1,907	16,399	34,960
Net income (loss) (Millions of yen)	11,830	(29,928)	1,848	19,303
Net income (loss) per share	¥47.95	(¥123.98)	¥7.71	¥85.62
Total assets (Millions of yen)	363,444	325,935	308,269	342,171
Net assets (Millions of yen)	260,579	229,012	213,693	213,125
Net assets per share	¥1,067.71	¥938.74	¥896.83	¥962.45

(3) Important Parent Company and Subsidiaries

(i) Status of 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 services for network content, 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 as regional headquarters in the U.S.
BANDAI S.A.	€ 21,690,000	100.0%	Regional headquarters company in Europe. Import and sales of toys, etc.
NAMCO Holdings UK LTD.	£ 29,500,000	100.0%	Pure holding company in the U.K.
BANDAI (H.K.) CO., LTD.	HK$ 103,000,000	100.0%	Regional headquarters company in Asia. Import, manufacturing and sales of toys, etc.

(Note) NAMCO BANDAI Holdings (USA) Inc. carried out a capital increase of US$ 85,453 thousand on February 29, 2012, for the purpose of strengthening its financial standing. The full amount of the capital increase has been incorporated into capital reserve.

(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. The Group is applying the focus strategies defined in its Mid-term Plan to address these issues swiftly.

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

Efforts Toward Maximizing the Value of Content

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 Content Business Strategy Meeting, which crosscuts the entire Group, seeks to maximize the value of each content asset and aims for more vigorous creation and acquisition of new content.

Efforts Toward CSR (Corporate Social Responsibility)

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 crosscut the entire Group and include three types of responsibilities: environmental and social contribution responsibilities, economic responsibilities, and legal and ethical responsibilities. In accordance with these fundamental principles, the Group CSR Committee and its sub-committee, the Group CSR Subcommittee, as well as the Group Risk Compliance Committee, the Group Information Security Committee, and the Internal Control Committee hold meetings and have been striving to implement a range of measures.

(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 position as the overwhelming No. 1 in Japan, working at expanding its target population segment and creating new businesses, while reinforcing its coordinated deployment of content popular in Japan in the rest of Asia. In the North American and European markets, in addition to improving profitability by reinforcing its existing businesses, it is working to expand its content lineup, business categories, and regions in which it is operating, with a view to achieving mid-term growth. In addition, on the development and production side, improvements in the value chain will enable more speedy and price-competitive product development.

Content SBU

This unit's industry is facing issues that include "evolution of platforms and networks" and "increasingly diverse consumer needs." The Group will review development based on its existing business categories and promote business strategies revolving around content, thereby achieving speedy response to changing consumer needs throughout the world while maximizing the value of its content. Specifically, it will aim to secure the No. 1 position in each of its main business categories, domestically. Overseas, it will reinforce deployment of its arcade game machines in developing countries, mainly in Asia, will carry out the world-wide launch of carefully-selected home video game software titles developed domestically, and will seek to improve profitability. On the development front, NAMCO BANDAI Studios Inc., a development company spun off in April, 2012, from NAMCO BANDAI Games Inc., the core company in this SBU, will work to enhance the level of game development while promoting speedier and more efficient development.

Amusement Facility SBU

"Increasingly diverse consumer preferences," "weak individual consumption," and "revision of consumption tax rate" are among the issues for this unit's industry. To address these issues, this unit will reinforce its domestic sales by customer segment, increasing added value by making use of its know-how in character merchandising, and working to differentiate the Group's facilities. Overseas, it will promote development of character facilities for elsewhere in Asia and will implement a continuous process of selection and concentration of businesses in North America and Europe.

We ask for our shareholders' further assistance and guidance.

(5) Description of the Principal Businesses (As of March 31, 2012)

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.
Content Business	Planning, development and sales of home video game software, arcade game machines, and prizes for amusement machines, distribution services for network content, planning, production and sales of films, visual and music content software, and distribution services for on-demand visual content, etc.
Amusement Facility Business	Operation of amusement facilities, etc.
Other Businesses	Transportation and storage of products, management of real estate, printing, etc.

(6) Principal Business Offices of the Group (As of March 31, 2012)

(i) The Company

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

(ii) Principal Subsidiaries

Bandai Co., Ltd.	Taito-ku, Tokyo
NAMCO BANDAI Games Inc.	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

(7) Outline of Employees (As of March 31, 2012)

(i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	2,136	(1,507)	Increase of 17	(Decrease of 20)
Content Business	2,977	(311)	Decrease of 109	(Decrease of 52)
Amusement Facility Business	1,106	(3,755)	Increase of 13	(Decrease of 189)
Other Businesses	536	(312)	Increase of 61	(Increase of 6)
Corporate (Common)	258	(47)	Decrease of 44	(Increase of 1)
Total	7,013	(5,932)	Decrease of 62	(Decrease of 254)

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

(ii) Employees of the Company

Number of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Service
248 (47)	Decrease of 44 (Increase of 5)	38.6	12.1

(Notes) 1. The number of employees refers to the employees actually at work.
2. The average number of temporary personnel employed for this fiscal year is presented separately in parentheses.
3. 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.
4. With the closure on March 31, 2011, of the Operational Support Project, which had been set up to support and carry out clerical work and indirect operations for the business divisions and departments at NAMCO BANDAI Games Inc., the number of employees has decreased.

(8) Principal Lenders (As of March 31, 2012)

Lenders	Amount
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥9,148 million
Sumitomo Mitsui Banking Corporation	¥7,188 million
Mizuho Corporate Bank, Ltd.	¥1,816 million
Mitsubishi UFJ Trust and Banking Corporation	¥1,453 million

(9) Other Important Matters of the Group

Not applicable.

2. Current Status of the Company

(1) Status of Shares (As of March 31, 2012)

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

(ii) Total Number of Issued Shares: 222,000,000 shares

Note: Due to the retirement of 10,000,000 shares of treasury stock carried out on July 19, 2011, and of 8,000,000 shares on February 22, 2012, the total number of issued shares declined by 18,000,000 shares from the end of the previous fiscal year.

(iii) Number of Shareholders: 40,337

(increase of 824 from the end of the previous fiscal year)

(iv) Major Shareholders (Top 10 Shareholders)

Name of Shareholders	Number of Shares Held	Shareholding Ratio
The Master Trust Bank of Japan, Ltd. (Trust account)	10,646,900	4.84
Japan Trustee Services Bank, Ltd. (Trust account)	9,224,700	4.20
MAL Ltd.	7,010,100	3.19
XIL, LTD.	6,000,000	2.73
Masaya Nakamura	5,960,000	2.71
Mellon Bank N.A. as agent for its client, Mellon Omnibus US Pension	4,682,500	2.13
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100	2.09
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,503,200	2.05
Northern Trust Co (AVFC) Sub A/C American Client	4,183,300	1.90
Nintendo Co., Ltd.	3,845,700	1.75

(Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (2,193,835 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)	8,316,500 shares
Japan Trustee Services Bank, Ltd. (Trust account)	8,704,000 shares
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100 shares
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,503,200 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 at the End of This Fiscal Year

Not applicable.

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

Not applicable.

(3) Directors and Corporate Auditors of the Company

(i) Directors and Corporate Auditors (As of March 31, 2012)

Title	Name	Responsibilities in the Company and Major Concurrent Positions
President and Representative Director	Shukuo Ishikawa	President and Representative Director of NAMCO BANDAI Games Inc.
Director and Senior Advisor	Takeo Takasu	Chairman of the Japan Toy Association
Director	Shuji Ohtsu	Responsible for Overseas Regional Headquarters Companies and the Division General Manager of the Group Administrative Headquarters
Director	Yuji Asako	Division General Manager 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	Masahiro Tachibana	Responsible for the Amusement Facility SBU and President and Representative Director of NAMCO LIMITED
Director	Manabu Tazaki	Outside Director of STUDIO ALICE CO., LTD
Director	Nobuo Sayama	Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Managing Director of GCA Savvian Group Corporation Representative Director of Integral Corporation Outside Director of Little eArth Corporation Co., Ltd.
Director	Tomohisa Tabuchi	Attorney-at-Law Partner in STW & Partners Outside Director of Hitachi Medical Corporation
Full Time Corporate Auditor	Koichiro Honma	
Full Time Corporate Auditor	Katsuhiko Kohtari	Certified Public Accountant
Corporate Auditor	Osamu Sudoh	Attorney-at-Law Partner in Sudoh & Takai Law Offices Outside Director of Rakuten Bank, Ltd. Outside Corporate Auditor of Mitsui-Soko Co., Ltd.
Corporate Auditor	Kouji Yanase	Attorney-at-Law Partner in Marunouchi-Chuo Law Office

(Notes) 1. Directors Manabu Tazaki, Nobuo Sayama and Tomohisa Tabuchi are Outside Directors.
2. Full Time Corporate Auditor Katsuhiko Kohtari, Corporate Auditors Osamu Sudoh and Kouji Yanase are Outside Corporate Auditors.
3. Full Time Corporate Auditor Katsuhiko Kohtari is a certified public accountant and has considerable knowledge of finance and accounting.
4. Corporate Auditor Osamu Sudoh has considerable experience with bankruptcy issues as an attorney-at-law and has the deep knowledge of finance and accounting necessary to engage in such bankruptcy issues.
5. President and Representative Director Shukuo Ishikawa stepped down as President and Representative Director of NAMCO BANDAI Games Inc. on March 31, 2012, and took office as Chairman of the Board of that company on April 1, 2012.
6. Director Kazunori Ueno took office as Executive Vice-President and Representative Director of the Company on April 1, 2012.
7. The Company has appointed Outside Directors Manabu Tazaki, Nobuo Sayama, and Tomohisa Tabuchi and Outside Corporate Auditors Katsuhiko Kohtari, Osamu Sudoh, and Kouji Yanase as Independent Directors/Corporate Auditors as defined in the rules of the Tokyo Stock Exchange and has filed therewith the notification regarding their appointments.

(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 of Remuneration, etc.
Directors	9	¥404 million
Corporate Auditors	4	¥67 million
Total (Outside Directors and Outside Corporate Auditors)	13 (8)	¥472 million (¥88 million)

(Notes) 1. There are no employees serving as Directors.
2. At the 1st Ordinary General Meeting of Shareholders held on June 26, 2006, it was resolved that the remuneration limit for Directors must be 700 million yen per fiscal year, of which 350 million yen is the limit for base remuneration and the remaining 350 million yen is 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 remuneration limit for Corporate Auditors must be 8 million yen per month.

(iv) Matters Concerning Outside Directors and Outside Corporate Auditors

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

Major concurrent positions of Outside Directors and Outside Corporate Auditors are as stated in “(i) Directors and Corporate Auditors” on pages 14 to 15.

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

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 18 times)		Board of Corporate Auditors Meetings (Held 10 times)	
	Number of Meetings Attended	Attendance Rate	Number of Meetings Attended	Attendance Rate
Director Manabu Tazaki	16	88.9%	—	—
Director Nobuo Sayama	14	100.0% (Note)	—	—
Director Tomohisa Tabuchi	14	100.0% (Note)	—	—
Corporate Auditor Katsuhiko Kohtari	18	100.0%	10	100.0%
Corporate Auditor Osamu Sudoh	15	83.3%	10	100.0%
Corporate Auditor Kouji Yanase	17	94.4%	10	100.0%

(Note) Directors Nobuo Sayama and Tomohisa Tabuchi were elected at the 6th Ordinary General Meeting of Shareholders held on June 20, 2011, and thus, the number of Board of Directors Meetings on which their attendance rates is based differs from that of the other Outside Directors and Outside Corporate Auditors. There have been 14 Board of Directors Meetings since they assumed the office of Director.

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

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.

Director Nobuo Sayama provides advice and proposals by giving opinions, etc. based on his wealth of experience and position as a corporate officer and from his profound scholarly knowledge via his teaching activities in the field of corporate strategy to ensure the appropriateness and validity of decisions of the Board of Directors.

Director Tomohisa Tabuchi provides advice and proposals by giving opinions, etc. primarily from his position as an attorney-at-law to ensure the appropriateness and validity of decisions of the Board of Directors.

Corporate Auditor Katsuhiko Kohtari provides advice and proposals by giving opinions, etc. primarily from his position as a certified public accountant to ensure the appropriateness and validity of decisions of the Board of Directors and the Board of Corporate Auditors.

Corporate Auditors Osamu Sudoh and Kouji Yanase provide advice and proposals by giving opinions, etc. primarily from their positions as attorneys-at-law 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 LLC

(ii) Amount of Remuneration, etc.

	Amount of Remuneration, etc.
Amount of Remuneration, etc. for Accounting Auditors for This Fiscal Year	¥68 million
Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥241 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 entities 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 Auditor, there is no clear distinction between the 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 Accounting Auditors for this fiscal year described above is the total amount of remuneration, etc., for these audits.

(iii) Non-Auditing Operations

The Company delegates and provides remuneration for its Accounting Auditor to carry out services apart from those defined under Article 2, Paragraph 1 of the Certified Public Accountants Act, namely, "to provide guidance and advice as a specialist for the purpose of conversion to the International Financial Reporting Standards."

(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 principle, 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 and Corporate Auditors 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.
In particular, positing the occurrence of a situation that could cause drastic damage to the management of the Group through a major disaster or the like, the Group is engaged in drawing up a Business Continuity Plan (BCP) for the Group and organizing a Business

Continuity Management (BCM) system to effect rapid recovery and restart of operations.

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 Group business operations, subsidiaries are assigned to SBUs categorized by business segment and a Director is put in charge of each SBU. Mid-term 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. An overseas regional headquarters company is determined for each overseas region, to provide region-specific management and support for strategies in the Group as a whole and in each SBU, through which a system that permits efficient execution of duties is ensured.

c. The Company has established several meetings, including the SBU Monthly Report Meeting, the Group Management Meeting, and the *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.

(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 and the audit standards for Corporate Auditors 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 Employees

a. Directors and 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 Auditor.

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 Corporate Value of the Group</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 corporate 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 financial and business policies should be the one who sufficiently understands the importance of the above kind of managerial vision and mission of the Group, the managing resources, such as content, that support the accomplishment of that vision and mission, and the importance of various stakeholders related to the Company, and who maximizes the corporate value of the Company and its shareholders' common interests over the mid- to long-term.

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 following 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

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

Steps to Increase the Corporate Value of the Group

・Promoting the Mid-term Plan

Under the three-year Mid-term Plan, which started in April 2012, the Group will "Empower, Gain Momentum, Accelerate Evolution" in every aspect of its businesses, including products, services, business models, operation, and numerical targets. Specifically, we will promote five Focus Strategies for implementing the Mid-term Plan. The first three are Business Area Strategies: the Basic Business Area, the Profit Recovering Area, and the New Growth Area. The Basic Business Area is the area in which the Group has secured a certain level of stable market share and profit and, as the Group's basic business, the focus is on profitability in expanding the business further. In the Profit Recovering Area, the priority will be on the recovery of profitability and achieving a stable market share and profit. The New Growth Area is the area in which we expect the region and businesses to develop as new growth pillars. Crosscutting them are two Functional Strategies that apply across all business areas: the Group-wide Network Strategy and the Human Resources Strategy. By implementing these strategies, the Group will work to promote growth in profit in the domestic and overseas markets, aiming to achieve, in the fiscal year ending March 2015, the final fiscal year of the Mid-term Plan, net sales of 480,000 million yen, operating income of 42,500 million yen, and a 10% ROE (return on equity).

・Strengthening Corporate Governance

The president and representative director of each major company responsible for each SBU also serves on the Company's Board of Directors, to strengthen the collaborative efforts between the holding company and the operating companies and between the operating companies and to facilitate speedier decision-making as a Group. In addition, the Company has made three of the nine Directors outside directors, to strengthen management oversight functions.

・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 is making swift decisions on restructuring businesses or withdrawing from them, based on in-house indicators. 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 business 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 (Corporate Social Responsibilities) Activities

The Group, as an enterprise delivering "Dreams, Fun, and Inspiration," has defined "Group-wide CSR Initiatives" that include three types of responsibilities; "Environmental and Social Contribution Responsibilities," "Economic Responsibilities," and "Legal and Ethical Responsibilities (compliance)," and is promoting a variety of CSR activities.

・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.

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 of the Group 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 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, 2012)

	(Millions of yen)
	Amount
ASSETS	
Current assets	
Cash and time deposits	106,958
Trade receivables	69,102
Finished goods and merchandise	12,907
Work in process	19,417
Raw materials and supplies	4,714
Deferred tax assets	8,733
Other current assets	19,763
Allowance for doubtful receivables	(677)
Total current assets	**240,920**
Fixed assets	
Property, plant and equipment	
Buildings and structures	10,328
Amusement facilities and machines	13,558
Land	11,388
Other property, plant and equipment	9,224
Total property, plant and equipment	**44,500**
Intangible assets	**8,194**
Investments and other assets	
Investment securities	22,177
Deferred tax assets	6,426
Other investments and assets	21,663
Allowance for doubtful receivables	(1,711)
Total investments and other assets	**48,556**
Total fixed assets	**101,251**
TOTAL ASSETS	**342,171**

	(Millions of yen)
	Amount
LIABILITIES	
Current liabilities	
Trade payables	48,742
Short-term borrowings	6,773
Accounts payable-other	19,191
Accrued income taxes	9,360
Provision for directors' bonuses	1,693
Provision for losses from business restructuring	58
Provision for sales returns	1,169
Provision for loss on disaster	7
Other current liabilities	20,950
Total current liabilities	**107,946**
Long-term liabilities	
Long-term borrowings	12,883
Deferred tax liabilities for land revaluation	590
Accrued retirement and severance benefits	3,140
Other long-term liabilities	4,485
Total long-term liabilities	**21,099**
TOTAL LIABILITIES	**129,046**

NET ASSETS	
Stockholders' equity	
Common stock	10,000
Additional paid-in capital	52,245
Retained earnings	173,250
Treasury stock	(2,383)
Total stockholders' equity	**233,112**
Accumulated other comprehensive income	**(21,669)**
Unrealized gains or losses on other securities, net of tax	2,867
Deferred gains or losses on hedges, net of tax	229
Land revaluation, net of tax	(6,408)
Foreign currency translation adjustments	(18,357)
Minority interests	**1,682**
TOTAL NET ASSETS	**213,125**
TOTAL LIABILITIES AND NET ASSETS	**342,171**

Consolidated Statements of Operations
(From April 1, 2011 to March 31, 2012)

		(Millions of yen)
	Amount	
Net sales		**454,210**
Cost of sales		**286,708**
Gross profit		**167,502**
Selling, general and administrative expenses		132,896
Operating income		**34,606**
Non-operating income		1,222
Interest income	214	
Dividend income	235	
Reversal of allowance for doubtful receivables	256	
Other non-operating income	515	
Non-operating expenses		869
Interest expense	137	
Foreign exchange loss	162	
Equity in loss of affiliated companies	246	
Commission for purchase of treasury stock	125	
Other non-operating expenses	196	
Recurring income		**34,960**
Extraordinary income		297
Gain on sales of fixed assets	22	
Gain on sales of investment securities, net	56	
Gain on sales of investments in affiliated companies	84	
Gain on transfer of business	53	
Reversal of provision for loss on disaster	49	
Other extraordinary income	31	
Extraordinary loss		4,848
Loss on sales of fixed assets	9	
Loss on disposal of fixed assets	937	
Loss on impairment of fixed assets	1,105	
Loss on valuation of investment securities	1,325	
Special retirement expenses	541	
Other extraordinary loss	928	
Income before income taxes and minority interests		**30,408**
Corporate income, inhabitant and enterprise taxes	15,583	
Adjustment for income taxes	(4,634)	10,949
Income before minority interests		**19,459**
Minority interests		155
Net income		**19,303**

Consolidated Statement of Changes in Net Assets
(From April 1, 2011 to March 31, 2012)

	(Millions of yen)
Stockholders' equity	
Common stock	
Balance as of April 1, 2011	10,000
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2012	10,000
Additional paid-in capital	
Balance as of April 1, 2011	69,923
Changes during the period	
Disposal of treasury stock	0
Retirement of treasury stock	(17,677)
Total changes during the period	(17,677)
Balance as of March 31, 2012	52,245
Retained earnings	
Balance as of April 1, 2011	159,491
Changes during the period	
Cash dividends	(5,545)
Net income	19,303
Total changes during the period	13,758
Balance as of March 31, 2012	173,250
Treasury stock	
Balance as of April 1, 2011	(3,496)
Changes during the period	
Purchase of treasury stock	(16,565)
Disposal of treasury stock	0
Retirement of treasury stock	17,677
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(0)
Total changes during the period	1,112
Balance as of March 31, 2012	(2,383)

	(Millions of yen)
Total stockholders' equity	
Balance as of April 1, 2011	235,919
Changes during the period	
Cash dividends	(5,545)
Net income	19,303
Purchase of treasury stock	(16,565)
Disposal of treasury stock	0
Retirement of treasury stock	—
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(0)
Total changes during the period	(2,807)
Balance as of March 31, 2012	233,112
Accumulated other comprehensive income	
Unrealized gains or losses on other securities, net of tax	
Balance as of April 1, 2011	447
Changes during the period	
Net changes in the period other than changes in stockholders' equity	2,419
Total changes during the period	2,419
Balance as of March 31, 2012	2,867
Deferred gains or losses on hedges, net of tax	
Balance as of April 1, 2011	3
Changes during the period	
Net changes in the period other than changes in stockholders' equity	226
Total changes during the period	226
Balance as of March 31, 2012	229
Land revaluation, net of tax	
Balance as of April 1, 2011	(6,491)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	82
Total changes during the period	82
Balance as of March 31, 2012	(6,408)
Foreign currency translation adjustments	
Balance as of April 1, 2011	(17,775)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(581)
Total changes during the period	(581)
Balance as of March 31, 2012	(18,357)

	(Millions of yen)
Total accumulated other comprehensive income	
Balance as of April 1, 2011	(23,816)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	2,147
Total changes during the period	2,147
Balance as of March 31, 2012	(21,669)
Minority interests	
Balance as of April 1, 2011	1,590
Changes during the period	
Net changes in the period other than changes in stockholders' equity	91
Total changes during the period	91
Balance as of March 31, 2012	1,682
Total net assets	
Balance as of April 1, 2011	213,693
Changes during the period	
Cash dividends	(5,545)
Net income	19,303
Purchase of treasury stock	(16,565)
Disposal of treasury stock	0
Retirement of treasury stock	—
Changes in treasury stock accompanying changes to holdings in compnies to which the equity method is applied	(0)
Net changes in the period other than changes in stockholders' equity	2,239
Total changes during the period	(567)
Balance as of March 31, 2012	213,125

Notes to Consolidated Financial Statements

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

I. Notes to 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:

72 companies

(ii) Names of Principal Consolidated Subsidiaries:

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

(iii) Changes in the Scope of Consolidation

Since I WILL Co., Ltd., and BNDeNA inc. were newly incorporated, those companies have been added to the scope of consolidation for this consolidated fiscal year.

In addition, with respect to companies included among consolidated subsidiaries in the previous consolidated fiscal year, since CREATIVE B WORKS CO., LTD., NAMCO NETWORKS AMERICA INC., EMOTION CO., LTD., and NAMCO TALES STUDIO LTD., were merged into consolidated subsidiaries and since D3DB S.r.l., BEC Co., Ltd. and D3Publisher of Europe Ltd., were liquidated, those companies 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.

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

(i) Name of the Principal Companies, etc.:

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 Company's equity share in it.

(iii) Special Notes Regarding Procedures for Applying the Equity Method

If any of the companies to which the equity method is applied has a fiscal year that differs from the consolidated fiscal year, then the financial statements for the latest fiscal year of that company are used.

3. Information Concerning the Fiscal Year, etc. for Consolidated Subsidiaries

NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (one domestic and 17 overseas subsidiaries) have the last day of December as their 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 consolidated closing date for the consolidated financial statements of the Company.

The closing date has been changed to March 31 from this consolidated fiscal year on for BANDAI S.A. and five other companies whose closing date had been December 31, for ARTPRESTO Co., Ltd., whose closing date had been January 31, and for Sunrise Inc. and five other companies whose closing date had been the last day of February. In connection with those changes, the number of months included in this consolidated fiscal year for each of those companies is 15, 14, and 13 months, respectively.

4. Information Concerning the Basis for Accounting Treatment

(1) Valuation Basis and Methods for Significant Assets:

(i) Valuation Basis and Methods for Securities:

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. With respect, however, to contributions to limited partnerships for investment and similar partnerships (deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company's equity share, based on the most recent available financial reports according to the date for settlement of accounts provided for in the partnership agreement.

(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 or market 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:	3 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: 3 to 7 years

(ii) Intangible Assets (Exclusive of leased 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:

Accrued bonuses for directors are provided based on the estimated amounts to be paid in respect of this consolidated fiscal year.

(iii) Provision for Losses from Business Restructuring:

Accrued losses on restructuring of operations are provided for estimated losses on restructuring of operations.

(iv) Provision for Sales Returns:

Accrued losses on returned goods after the end of this consolidated fiscal year are provided based on historic experience.

(v) Provision for loss on disaster:

The provision for loss on disaster is included in the estimated amount at the end of this consolidated fiscal year for expenditures to restore assets damaged by the Great East Japan Earthquake.

(vi) Accrued Retirement and Severance Benefits:

Accrued retirement and severance benefits for employees in respect of defined benefit plans are 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.

(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.

(ii) Hedging Instruments and Hedged Items:

Hedging instruments:	Forward exchange contracts
Hedged items:	Foreign-currency-denominated assets and liabilities and scheduled transactions

(iii) Hedging Policies:

Hedging is implemented for the purpose of reducing risks arising from fluctuations in exchange 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.

(6) Amortization of Goodwill

Goodwill is amortized over a five-year period using the straight-line method.

(7) 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.

II. Notes to Changes in Method of Presentation

(Consolidated Statements of Operations)

(1) "Amortization of negative goodwill" (the balance of which at the end of this consolidated fiscal year is 3 million yen), which had been stated separately until the previous consolidated fiscal year, is included in "Other non-operating income" under "Non-operating income" since it is at or below 10 percent of the total non-operating income.

(2) "Rental income" (the balance of which at the end of this consolidated fiscal year is 101 million yen), which had been stated separately until the previous consolidated fiscal year, is included in "Other non-operating income" under "Non-operating income" since it is at or below 10 percent of the total non-operating income.

(3) "Equity in loss of affiliated companies," which had been included in "Other non-operating expenses" under "Non-operating expenses" until the previous consolidated fiscal year, is stated separately since it is above 10 percent of the total non-operating expenses for this consolidated fiscal year.

(4) "Commission for purchase of treasury stock," which had been included in "Other non-operating expenses" under "Non-operating expenses" until the previous consolidated fiscal year, is stated separately since it is above 10 percent of the total non-operating expenses for this consolidated fiscal year.

(5) "Gain on sales of investments in affiliated companies," which had been included in "Other extraordinary income" under "Extraordinary income" until the previous consolidated fiscal year, is stated separately since it is above 10 percent of the total extraordinary income for this consolidated fiscal year.

(6) "Loss on disposal of fixed assets," which had been included in "Other extraordinary loss" under "Extraordinary loss" until the previous consolidated fiscal year, is stated separately since it is above 10 percent of the total extraordinary loss for this consolidated fiscal year.

III. Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and debts on collateral:

Time deposits: ¥2 million

Pledged for bank transaction guarantees. There are no debts on collateral.

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

¥127,604 million

3. Guarantee Obligation: ¥172 million

Pledged for guarantees for liabilities arising from lease agreements executed by affiliated companies.

4. Land revaluation

A revaluation of land for business-use was implemented pursuant to the “Law Concerning Land revaluation” (Law No. 34, 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, May 2, 1991)”, as stipulated in “Article 2-4 of the Ordinance Implementing the Law Concerning Land revaluation (Cabinet Order No. 119, 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 959 million yen.

5. Bills maturing on the last day of the consolidated fiscal year

Bills maturing on the last day of the consolidated fiscal year are settled as of a bill clearing day. However, since the last day of this consolidated fiscal year was a holiday for financial institutions, the following bills maturing on the last day of the consolidated fiscal year are included in the balance at the end of the consolidated fiscal year.

Notes receivable	400 million yen
Notes payable	541 million yen

6. Restrictive financial covenants

The Company raised funds by means of long-term borrowings from a financial institution as of August 5, 2011. The terms of those borrowings include the following restrictive financial covenants:

(1) The Company shall maintain the amount of net assets on the consolidated balance sheet as of the closing dates of the interim and end of each fiscal year (the “Interim or End of Fiscal Year”) at 75% or above of whichever is greater: (i) the amount of net assets on the consolidated balance sheet as of the closing date of the immediately preceding Interim or End of Fiscal Year or (ii) the amount of the net assets on the consolidated balance sheet as of the closing date of the fiscal year ended March 2011.

(2) With respect to the recurring income or loss on the consolidated statements of operations for each fiscal year end, the Company shall not record recurring losses for two consecutive fiscal years.

(3) From the date of this loan agreement and until all obligations to the lender and its agents under the terms of this agreement have been fulfilled, the Company shall maintain the ownership ratio (direct or indirect) at 100% with respect to Bandai Co., Ltd., NAMCO BANDAI Games Inc., and NAMCO LIMITED.

IV. Notes to Consolidated Statement of Changes in Net Assets

1. Type and Total Number of Shares Issued

   Common stock 222,000,000 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 20, 2011 Ordinary General Meeting of Shareholders	Common stock	2,839	12	March 31, 2011	June 21, 2011
November 2, 2011, Board of Directors Meeting	Common stock	2,706	12	September 30, 2011	December 5, 2011

(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 18, 2012, Ordinary General Meeting of Shareholders	Common stock	3,077	Retained earnings	14	March 31, 2012	June 19, 2012

V. 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 sheet, their market value as of March 31, 2012, 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 sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and time deposits	106,958	106,958	—
(2) Trade receivables	69,102	69,102	—
(3) Short-term investments and investment securities			
1. Other securities	13,841	13,841	—
2. Stock of affiliated companies	7,345	8,755	1,410
Total assets	197,247	198,658	1,410
(1) Trade payables	48,742	48,742	—
(2) Short-term borrowings	6,773	6,773	—
(3) Accounts payable-other	19,191	19,191	—
(4) Accrued income taxes	9,360	9,360	—
(5) Long-term borrowings	12,883	12,883	—
Total liabilities	96,950	96,950	—
Derivative transactions (*)	269	269	—

(*) Debts and credits derived from derivative transactions are stated on a net basis. Items to be recorded as net debts in the total are enclosed in brackets.

(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) The market value of long-term borrowings is calculated by discounting the total amount of principal and interest, using the interest rate assumed to apply if the similar new borrowings are made.

Derivative transactions

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

2. Unlisted stocks (stated as 1,443 million yen in the consolidated balance sheet), stocks of affiliated companies (unlisted stocks) (stated as 1,533 million yen in the consolidated balance sheet), and contributions to investment partnerships (stated as 86 million yen in the consolidated balance sheet) have no market price and it is extremely difficult to assess their market value, so they are not included in "(3) Short-term investments and investment securities."

VI. Notes Concerning Per-Share Data

1. Net assets per share:	¥962.45
2. Net income per share for this consolidated fiscal year:	¥85.62

VII. Notes Concerning Significant Subsequent Events

(Introduction of stock compensation-type stock options)

At the Board of Directors Meeting on May 8, 2012, it was resolved that the Company would grant stock compensation-type stock options (stock acquisition rights) to the Directors of the Company as follows, and that it would submit the proposal to that effect to the Seventh Ordinary General Meeting of Shareholders (scheduled to be held on June 18, 2012).

1. Reason for issue of stock acquisition rights

The remuneration system for the Company's Directors (apart from Outside Directors) makes its basic policy the promotion of the sharing value with the Company's shareholders and enhancing the morale and motivation of the Directors to improve the Company's performance.

In addition, accompanying the start of the " Mid-term Plan of BANDAI NAMCO Group (from April 2012 to March 2015)" (the "Mid-term Plan") announced in February 2012, we have been making the relationship between performance and remuneration significantly clearer and placing more weight on performance-based remuneration in the Directors' remuneration in order to strongly orient their focus to achieving the goals defined in the Mid-term Plan. As one part of that effort, we would now like to introduce a new system for allotting stock compensation-type stock options on condition that the predefined performance goals are achieved.

Because the performance requirements have been imposed for these stock compensation-type stock options, not as a condition for exercising the options but as a condition for being allotted the options, the stock compensation-type stock options will not be granted to the Directors if those performance requirements are not satisfied.

2. Various conditions for grant of stock acquisition rights

(1) Persons to whom stock acquisition rights are allotted

Stock acquisition rights shall be allotted to the Directors of the Company (excluding Outside Directors).

If the "Election of Nine (9) Directors" proposal is approved without requiring any changes at the Ordinary General Meeting of Shareholders to be held on June 18, 2012, then six (6) Directors (excluding three (3) Outside Directors) will be subject to the proposal.

(2) Class and number of shares to be delivered upon exercise of stock acquisition rights

The maximum number of shares of common stock of the Company to be delivered upon exercise of stock acquisition rights per year is 120,000 (0.05% of shares issued).

In the event that the Company carries out a share split or share consolidation, the number of shares to be delivered upon exercise of stock acquisition rights will be adjusted in accordance with the following formula; provided, however, that such adjustment will only be carried out with respect to the number of shares to be delivered upon exercise of stock acquisition rights that are yet to be exercised at the time of the share split or share consolidation, and any fraction of less than one share resulting from such adjustment will be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of share split or share consolidation}$$

Furthermore, if the number of shares to be delivered upon exercise of stock acquisition rights needs to be adjusted because the Company carries out an absorption-type merger or a consolidation-type merger with another company with succession to the stock acquisition rights provided for in this proposal or because the Company carries out an incorporation-type company split or an absorption-type company split, the Company will make the necessary adjustment in the number of the shares as well.

(3) Total number of stock acquisition rights

The maximum number of stock acquisition rights to be allotted per year is 1,200.

The number of shares to be delivered upon exercise of one stock acquisition right is 100 shares.

(If, however, the number of shares is adjusted as provided for in the Paragraph (2). above, then the number of shares to be delivered upon exercise of one stock acquisition right will be adjusted in the same manner.)

(4) Requirements for allotment of stock acquisition rights

If the requirement stated in (i) below is satisfied, then stock acquisition rights will be allotted up to a maximum of 60 million yen per year. If, in addition to the requirement stated in (i), the requirement stated in (ii) is also satisfied, then stock acquisition rights will be allotted up to a maximum of 120 million yen per year.

If, however, neither of the requirements stated in (i) or (ii) is satisfied, then no stock acquisition rights will be allotted.

(i) The Company's consolidated operating income is 42,500 million yen or greater in any of the fiscal years from the fiscal year ending March 2013 through the fiscal year ending March 2015;

(ii) The Company's consolidated operating income is 53,000 million yen or greater in any of the fiscal years from the fiscal year ending March 2013 through the fiscal year ending March 2015.

(5) Price for issuance of stock acquisition rights

The price for issuance of each stock acquisition right will be calculated based on the Black-Scholes model, an impartial method of valuing stock acquisition rights.

The person who receives an allotment of the stock acquisition rights will, instead of paying the price for issuance of the stock acquisition rights in cash, offset his or her obligation to pay for issuance of the stock acquisition rights against the recipient's right to his or her remuneration from the Company.

(6) Amount to be paid upon exercising stock acquisition rights

The amount to be paid upon exercising each stock acquisition right will be one yen per share to be issued or transferred by the exercise of each stock acquisition right, multiplied by the number of shares to be granted.

(7) Exercise period for stock acquisition rights

The exercise period for stock acquisition rights will be decided by the Company's Board of Directors but must not exceed 20 years from the allotment date of the stock acquisition rights.

(8) Conditions on exercise of stock acquisition rights

A person who has received an allotment of the stock acquisition rights may, within the period specified in the Paragraph (7). "Exercise period for stock acquisition rights," exercise those stock acquisition rights between one and ten days after the date on which that person loses his or her position as a Director, Auditor, or employee of the Company or of a subsidiary of the Company.

(9) Restrictions on assignment of stock acquisition rights

Any assignment of stock acquisition rights requires the approval of the Board of Directors of the Company.

(10) Other details concerning stock acquisition rights

Other details concerning stock acquisition rights will be determined at the Board of Directors' meeting of the Company at which matters concerning the offering of such stock acquisition rights will be resolved.

VIII. Other Notes

1. Additional Information

(1) Application of accounting standards, etc., concerning accounting changes or error corrections

Any accounting changes and corrections of past errors made after the beginning of this consolidated fiscal year are subject to the “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan Statement No. 24, issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan Guidance No. 24, issued on December 4, 2009).

(2) Effect of changes to the corporation tax rate

The “Act to partially revise the Income Tax Act and others in order to construct a tax system corresponding to changes in the structure of economic system” (Act No. 114 of 2011) and the “Special measures act to secure the financial resources required to implement policy on restoration after the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011, and from the consolidated fiscal years beginning on April 1, 2012, the corporation tax rates have been reduced and a special reconstruction corporation tax has been imposed. Pursuant to those changes, the effective statutory tax rates used in calculating deferred tax assets and deferred tax liabilities will change from 40.6% to (i) 38.0% for temporary differences, etc. forecast to be resolved in the period between the consolidated fiscal year beginning on April 1, 2012 and the consolidated fiscal year beginning on April 1, 2014, and to (ii) 35.6% for temporary differences, etc. forecast to be resolved in the consolidated fiscal year beginning on April 1, 2015 and thereafter.

These changes in the tax rate reduced the amount of deferred tax assets (the amount after deducting the amount of deferred tax liabilities) by 1,060 million yen while increasing the deferred gains or losses on hedges by 1 million yen, the unrealized gains or losses on other securities, net of tax by 132 million yen and the adjustment for income taxes by 1,193 million yen, respectively.

In addition, deferred tax liabilities for land revaluations fell by 82 million yen, and land revaluation, net of tax, increased by the same amount.

(3) Application of a consolidated taxation regime

As the Company and some of its consolidated subsidiaries have applied for approval of the use of a consolidated taxation regime in which the Company is the consolidated parent corporation in this consolidated fiscal year and the consolidated taxation regime will be applied from the next consolidated fiscal year, accounting, from this consolidated fiscal year, has been carried out on the assumption of the application of the consolidated taxation regime, based on the “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Accounting Standards Board of Japan PITF No. 5, issued on March 18, 2011) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (Accounting Standards Board of Japan PITF No. 7, issued on June 30, 2010).

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 assets for rental use. 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.

SBU	Items	Classification	Location	Impairment Loss (Millions of yen)
Toys and Hobby	Internet content business software	Intangible assets	Seoul, Korea (Note 2)	321
	Assets scheduled for disposal	Buildings & structures, Other property, plant and equipment	Kyoto City, Kyoto, etc. (Note 3)	30
	Assets for business use	Property, plant and equipment (other)	Cergy-Pontois, France (Note 1)	27
Content	Assets for business use	Intangible assets and other assets	Shinagawa-ku, Tokyo (Note 2)	255
	Assets scheduled for disposal	Intangible assets and other assets	Shinagawa-ku, Tokyo, etc. (Note 5)	27
	Assets for rental use	Land	Ota-ku, Tokyo (Note 6)	27
Amusement Facility	Amusement facility	Amusement facilities and machines and other assets	Koto-ku, Tokyo, etc. (Note 1)	228
			STAFFORDSHIRE, U.K., etc. (Note 2)	97
			NORFOLK, U.K., etc. (Note 1)	66
			Narashino City, Chiba (Note 3)	6
Other	Assets scheduled for disposal	Buildings & structures, Other property, plant and equipment	Shinagawa-ku, Tokyo (Note 5)	13
		Land, etc.	Nagoya City, Aichi (Note4)	2
Total				1,105

(Notes) 1. Impairment loss was recorded because it was forecast that the book value of these fixed assets could not be recovered due to a decline in business profitability. The recoverable amount was calculated by the estimated value in use of zero.

2. Impairment loss was recorded because it was forecast that the book value of these fixed assets could not be recovered due to a decline in business profitability. The recoverable amount was calculated by the estimated value in use based on the expected future cash flows.

3. Impairment loss was recorded because it was judged that the recoverable value of these fixed assets had declined sharply due to the decision to close them. The recoverable amount was calculated by the estimated value in use of zero.

4. Impairment loss was recorded because the decision was made to sell this real estate asset. The recoverable amount of the real estate was calculated by the net sale price and valued based on the appraised value.

5. Impairment loss was recorded on these assets, for which no future use is anticipated. The recoverable amount was calculated by the estimated value in use of zero.

6. Impairment loss was recorded because it was judged that this fixed asset's recoverable value had declined sharply due to the change in use from a rental building to a rental parking lot. The recoverable amount of the real estate was calculated by the net sale price and valued by its roadside land price.

Non-Consolidated Balance Sheet
(As of March 31, 2012)

	(Millions of yen)
	Amount
ASSETS	
Current assets	
Cash and time deposits	36,936
Trade receivables	237
Prepaid expenses	267
Deferred tax assets	58
Other current assets	2,012
Total current assets	**39,512**
Fixed assets	
Property, plant and equipment	
Buildings	26
Structures	148
Tools, furniture and fixtures	267
Construction in progress	112
Total property, plant and equipment	**554**
Intangible assets	
Goodwill	198
Software	263
Other intangible assets	1,268
Total intangible assets	**1,731**
Investments and other assets	
Investment securities	11,006
Investments in affiliated companies	282,062
Long term prepaid expenses	41
Other investments and assets	1,521
Total investments and other assets	**294,632**
Total fixed assets	**296,917**
TOTAL ASSETS	**336,430**

	(Millions of yen)
	Amount
LIABILITIES	
Current liabilities	
Short-term borrowings from affiliated companies	90,911
Short-term borrowings	5,333
Accounts payable-other	933
Accrued expenses	661
Accrued income taxes	231
Deposits receivables	15
Unearned revenue	142
Provision for directors' bonuses	125
Other current liabilities	19
Total current liabilities	**98,374**
Long-term liabilities	
Long-term borrowings	12,833
Deferred tax liabilities	613
Accrued retirement and severance benefits	17
Other long-term liabilities	140
Total long-term liabilities	**13,604**
TOTAL LIABILITIES	**111,979**
NET ASSETS	
Stockholders' equity	
Common stock	**10,000**
Additional paid-in capital	**174,282**
Capital reserve	2,500
Other capital surplus	171,782
Retained earnings	**39,980**
Legal reserve	1,645
Other retained earnings	38,334
General reserve	26,104
Retained earnings carried forward	12,230
Treasury stock	**(2,297)**
Total stockholders' equity	**221,965**
Valuation difference and foreign currency translation adjustments	
Unrealized gains or losses on other securities, net of tax	2,485
Total valuation difference and foreign currency translation adjustments	**2,485**
TOTAL NET ASSETS	**224,451**
TOTAL LIABILITIES AND NET ASSETS	**336,430**

Non-Consolidated Statements of Operations
(From April 1, 2011 to March 31, 2012)

		(Millions of yen)
		Amount
Operating revenue		**12,417**
Dividend income from affiliated companies	9,686	
Business management income from affiliated companies	2,730	
Operating expenses		2,583
General and administrative expenses	2,583	
Operating income		**9,834**
Non-operating income		1,897
Interest income	32	
Dividend income	159	
Rent income	1,693	
Other non-operating income	12	
Non-operating expenses		2,047
Interest expense	164	
Expenses related to rental assets	1,679	
Other non-operating expenses	202	
Recurring income		**9,684**
Extraordinary income		30
Gain on sales of investment securities, net	30	
Extraordinary loss		12,541
Loss on valuation of investment securities	1,288	
Loss on valuation of stocks of affiliated companies	11,178	
Other extraordinary losses	74	
Loss before income taxes		**2,826**
Corporate income, inhabitant and enterprise taxes	193	
Adjustment for income taxes	(76)	117
Net loss		**2,944**

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Stockholders' equity	
Common stock	
Balance as of April 1, 2011	10,000
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2012	10,000
Additional paid-in capital	
Capital reserve	
Balance as of April 1, 2011	2,500
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2012	2,500
Other capital surplus	
Balance as of April 1, 2011	189,471
Changes during the period	
Disposal of treasury stock	0
Retirement of treasury stock	(17,688)
Total changes during the period	(17,688)
Balance as of March 31, 2012	171,782
Total additional paid-in capital	
Balance as of April 1, 2011	191,971
Changes during the period	
Disposal of treasury stock	0
Retirement of treasury stock	(17,688)
Total changes during the period	(17,688)
Balance as of March 31, 2012	174,282
Retained earnings	
Legal reserve	
Balance as of April 1, 2011	1,645
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2012	1,645
Other retained earnings	
General reserve	
Balance as of April 1, 2011	26,104
Changes during the period	
Total changes during the period	—
Balance as of March 31, 2012	26,104
Retained earnings carried forward	
Balance as of April 1, 2011	20,719
Changes during the period	
Cash dividends	(5,545)
Net loss	(2,944)
Total changes during the period	(8,489)
Balance as of March 31, 2012	12,230
Total retained earnings	
Balance as of April 1, 2011	48,469
Changes during the period	
Cash dividends	(5,545)
Net loss	(2,944)
Total changes during the period	(8,489)
Balance as of March 31, 2012	39,980

	(Millions of yen)
Treasury stock	
Balance as of April 1, 2011	(3,421)
Changes during the period	
Purchase of treasury stock	(16,565)
Disposal of treasury stock	0
Retirement of treasury stock	17,688
Total changes during the period	1,123
Balance as of March 31, 2012	(2,297)
Total stockholders' equity	
Balance as of April 1, 2011	247,019
Changes during the period	
Cash dividends	(5,545)
Net loss	(2,944)
Purchase of treasury stock	(16,565)
Disposal of treasury stock	0
Retirement of treasury stock	—
Total changes during the period	(25,054)
Balance as of March 31, 2012	221,965
Valuation difference and foreign currency translation adjustments	
Unrealized gains or losses on other securities, net of tax	
Balance as of April 1, 2011	123
Changes during the period	
Net changes in the period other than changes in stockholders' equity	2,361
Total changes during the period	2,361
Balance as of March 31, 2012	2,485
Total valuation difference and foreign currency translation adjustments	
Balance as of April 1, 2011	123
Changes during the period	
Net changes in the period other than changes in stockholders' equity	2,361
Total changes during the period	2,361
Balance as of March 31, 2012	2,485
Total net assets	
Balance as of April 1, 2011	247,143
Changes during the period	
Cash dividends	(5,545)
Net loss	(2,944)
Purchase of treasury stock	(16,565)
Disposal of treasury stock	0
Retirement of treasury stock	—
Net changes in the period other than changes in stockholders' equity	2,361
Total changes during the period	(22,692)
Balance as of March 31, 2012	224,451

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.

With respect, however, to contributions to limited partnerships for investment and similar partnerships (deemed to be securities under to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company's equity share, based on the most recent available financial reports according to the date for settlement of accounts provided for in the partnership agreement.

(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	10 to 18 years
Structures	10 years
Tools, furniture and fixtures	2 to 15 years

(ii) Intangible Assets:

Stated using the straight-line method.

The general years of depreciation of intangible assets are as follows:

Goodwill	5 years
Software (used internally)	5 years

(3) Basis of Recognition for Provision:

(i) Provision for Directors' bonuses:

The Company provides for directors' bonuses based on estimated bonus payments in this fiscal year.

(ii) Accrued Retirement and Severance Benefits:

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

2. Notes to Change in Method of Presentation

(Non-Consolidated Balance Sheet)

"Provision for directors' bonuses," which had been included in "Other current liabilities" under "Current Liabilities" until the previous fiscal year, is stated separately since its monetary importance has increased for this fiscal year.

3. Notes to Non-Consolidated Balance Sheet

(1) Amount of accumulated depreciation of property, plant and equipment: ¥445 million

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

Short-term monetary claims on affiliated companies:	¥754 million
Short-term monetary obligations to affiliated companies:	¥498 million

(3) Restrictive Financial Covenants

The Company raised funds by means of long-term borrowings from a financial institution as of August 5, 2011. The terms of those borrowings include the following restrictive financial covenants:

(i) The Company shall maintain the amounts of net assets on the consolidated balance sheet as of the closing dates of the interim and end of each fiscal year (the "Interim and End of Fiscal Year") at 75% or above of whichever is greater: (a) the amount of net assets on the consolidated balance sheet as of the closing date of the immediately preceding Interim or End of Fiscal Year or (b) the amount of the net assets on the consolidated balance sheet as of the closing date of the fiscal year ended March 2011.

(ii) With respect to the recurring income or loss on the consolidated statements of operations for each fiscal year end, the Company shall not record recurring losses for two consecutive fiscal years.

(iii) From the date of this loan agreement and until all obligations to the lender and its agents under the terms of this agreement have been fulfilled, the Company shall maintain the ownership ratio (direct or indirect) at 100% with respect to Bandai Co., Ltd., NAMCO BANDAI Games Inc., and NAMCO LIMITED.

4. Notes to Non-Consolidated Statements of Operations

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

Non-operating Transactions:

Non-operating income	¥1,713 million
Non-operating expenses	¥80 million

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

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

Common stock	2,193,835 shares

6. Notes Concerning Tax Effect Accounting

Breakdown of Main Reasons for Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets	
Loss on valuation of stocks of affiliated companies	¥4,813 million
Loss on valuation of investment securities¥1,483 million	¥170 million
Others	¥6,467 million
Subtotal deferred tax assets	(¥6,384 million)
Valuation allowance	¥82 million
Total deferred tax assets	

Deferred tax liabilities	
Unrealized gains or losses on other securities, net of tax	(¥630 million)
Others	(¥7 million)
Total gross deferred tax liabilities	(¥637 million)
Net deferred tax liabilities	(¥555 million)

7. Notes Concerning Transactions with Related Parties

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, 2012
Subsidiary	Bandai Co., Ltd.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	32,948	Short-term borrowings from affiliated companies	41,508
				Payment of interest	32	–	–
Subsidiary	NAMCO BANDAI Games Inc.	Holding directly 100.0%	Interlocking directorate	Rental building	1,553	–	–
				Borrowings (Note 1)	9,635	Short-term borrowings from affiliated companies	13,658
				Payment of interest	9	–	–
				Loans (Note 2)	5,000	–	–
				Receipt of interest	19	–	–
Subsidiary	NAMCO LIMITED	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	14,737	Short-term borrowings from affiliated companies	14,699
				Payment of interest	14	–	–
Subsidiary	BANDAI VISUAL CO., LTD.	Holding directly 100.0%	–	Borrowings (Note 1)	4,736	Short-term borrowings from affiliated companies	4,771
				Payment of interest	4	–	–
Subsidiary	Banpresto Co., Ltd.	Holding indirectly 100.0%	–	Borrowings (Note 1)	4,367	Short-term borrowings from affiliated companies	4,486
				Payment of interest	4	–	–
Subsidiary	Sunrise Inc.	Holding directly 91.8% indirectly 7.6%	–	Borrowings (Note 1)	10,789	Short-term borrowings from affiliated companies	10,786
				Payment of interest	10	–	–
Subsidiary	NAMCO BANDAI Holdings(USA) Inc.	Holding directly 100.0%	Interlocking directorate	Capital increase	6,651	–	–

Conditions of transactions and policies for determining the conditions of transactions

(Notes) 1. 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.

2. The interest rate on these loans is, based on intra-Group regulations, determined reasonably, taking into account market interest rates.

8. Notes Concerning Per-Share Data

Net assets per share:	¥1,021.13
Net loss per share:	¥13.05

9. Notes Concerning Significant Subsequent Events

(Introduction of stock compensation-type stock options)

Because this item is explained in the Notes to Consolidated Financial Statements, VII. Notes Concerning Significant Subsequent Events, the details are omitted.

10. Other Notes

(Additional Information)

(1) Application of accounting standards, etc., concerning accounting changes or error corrections

Any accounting changes and corrections of past errors made after the beginning of this non-consolidated fiscal year are subject to the “Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan Statement No. 24, issued on December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan Guidance No. 24, issued on December 4, 2009).

(2) Impact of changes in the corporate tax rate

The “Act to partially revise the Income Tax Act and others in order to construct a tax system corresponding to changes in the structure of economic system” (Act No. 114 of 2011) and the “Special measures act to secure the financial resources required to implement policy on restoration after the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011, and from the non-consolidated fiscal years beginning on April 1, 2012, the corporation tax rates have been reduced and a special reconstruction corporation tax has been imposed. Pursuant to those changes, the effective statutory tax rates used in calculating deferred tax assets and deferred tax liabilities will change from 40.6% to (i) 38.0% for temporary differences, etc. forecast to be resolved in the period between the non-consolidated fiscal year beginning on April 1, 2012 and the non-consolidated fiscal year beginning on April 1, 2014, and to (ii) 35.6% for temporary differences, etc. forecast to be resolved in the non-consolidated fiscal year beginning on April 1, 2015 and thereafter.

These changes in the tax rate reduced the amount of deferred tax liabilities (the amount after deducting the amount of deferred tax assets) by 82 million yen while increasing the unrealized gains or losses on other securities, net of tax by 88 million yen and the adjustment for income taxes by 5 million yen, respectively.

(3) Application of a consolidated taxation regime

As the Company has applied for approval of the use of a consolidated taxation regime in which the Company is the consolidated parent corporation in this non-consolidated fiscal year and the consolidated taxation regime will be applied from the next non-consolidated fiscal year, accounting, from this non-consolidated fiscal year, has been carried out on the assumption of the application of the consolidated taxation regime, based on the “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (Accounting Standards Board of Japan PITF No. 5, issued on March 18, 2011) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (Accounting Standards Board of Japan PITF No. 7, issued on June 30, 2010).

END

Independent Auditor's Report

May 17, 2012

The Board of Directors
NAMCO BANDAI Holdings Inc.

KPMG AZSA LLC

Hiroshi Shiina (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiko Nakamura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshichika Kaneko (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statements of operations, the consolidated statement of changes in net assets and the related notes of NAMCO BANDAI Holdings Inc. as at March 31, 2012 and for the year from April 1, 2011 to March 31, 2012 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of NAMCO BANDAI Holdings Inc. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

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

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 17, 2012

The Board of Directors
NAMCO BANDAI Holdings Inc.

KPMG AZSA LLC

Hiroshi Shiina (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiko Nakamura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshichika Kaneko (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statements of operations, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of NAMCO BANDAI Holdings Inc. as at March 31, 2012 and for the year from April 1, 2011 to March 31, 2012 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of NAMCO BANDAI Holdings Inc. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

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

Notes to the Reader of Independent Auditor’s Report:

The Independent Auditor’s Report herein is the English translation of the Independent Auditor’s Report as required by the Companies Act.

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 7th fiscal year from April 1, 2011 to March 31, 2012, 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 7th 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 periodically received reports from Directors and employees, etc., requested explanations as necessary, and expressed opinion, regarding the development and operation of internal control systems that were 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 as described in the business reports 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 LLC, 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 on their business 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, received reports on the execution of its duties from the Accounting Auditor and requested explanations as necessary. 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 statements of operations, non-consolidated statement of changes in net assets, and notes thereto), their supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statements of operations, 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 reports, etc.

(i) We confirm that the business reports 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 description of those internal control systems in the business reports and the execution of duties by Directors. In addition, as of the date hereof, we have received reports from the Directors, etc. and from KPMG AZSA LLC 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 reports concerning what and how a person or entity controlling decisions on the financial and business policies of the Company should be. We confirm that actions (Article 118, Item 3-(b) of the Enforcement Ordinance of the Companies Act) described in the business reports are in accordance with this basic policy and that these actions do not damage our Group's value and shareholders' common 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 LLC, 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 LLC, the Accounting Auditor of the Company, are appropriate.

May 17, 2012

Board of Corporate Auditors
NAMCO BANDAI Holdings Inc.

Standing Corporate Auditor	Koichiro Homma	(Seal)
Standing Corporate Auditor (outside corporate auditor)	Katsuhiko Kohtari	(Seal)
Corporate Auditor (outside corporate auditor)	Osamu Sudo	(Seal)
Corporate Auditor (outside corporate auditor)	Kouji Yanase	(Seal)

END

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1 Appropriation of Surplus

Appropriation of surplus is as follows:

Fiscal Year-end Dividends

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

In view of the Company's performance in this fiscal year, it will add a performance-based dividend of ¥2 per share to the stable year-end dividend of ¥12 per share, to pay a year-end dividend of ¥14 per share for this seventh fiscal year.

Since the Company paid an interim dividend of ¥12 per share on December 5, 2011, the total annual dividend for the fiscal year will be ¥26 per share.

(i) Type of dividend assets:
Cash

(ii) Allocation of dividend assets to be paid to shareholders and total amount of dividend:
¥14 per share of common stock of the Company
Total amount of dividends would be ¥3,077,286,310

(iii) Effective date of distribution of surplus (dividend):
June 19, 2012

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 the Company's Shares Owned
1	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. Apr. 2012: Chairman of the Board of NAMCO BANDAI Games Inc. (current position) (Major concurrent positions) Chairman of the Board of NAMCO BANDAI Games Inc.	25,300 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of the Company's Shares Owned
2	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 Apr. 2012: Executive Vice President and Representative Director, in charge of Toys and Hobby SBU of the Company (current position) (Major concurrent positions) President and Representative Director of Bandai Co., Ltd.	63,150 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. (currently KPMG AZSA LLC) 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 Jun. 2011: Director in charge of Overseas Regional Headquarters Companies and Division General Manager of the Group Administrative Headquarters of the Company (current position)	13,100 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of the Company's Shares Owned
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. Apr. 2008: Executive Officer, Division General Manager of Corporate Planning Division of the Company Jun. 2010: Director in charge of Corporate Planning and Division General Manager of the Corporate Planning Division of the Company Jun. 2011: Director and Division General Manager of the Corporate Planning Division of the Company (current position)	11,900 Shares
5 (*)	Satoshi Oshita (July 3, 1953)	Mar. 1976: Joined Bandai Co., Ltd. Apr. 1992: General Manager, Toy Marketing Department of Bandai Co., Ltd. Jun. 1999: Executive Officer and Deputy Division Head, Consumer Business Division, and General Manager, SWAN Business Department of Bandai Co., Ltd. Mar. 2002: Joined Bandai Networks Co., Ltd., as Executive Manager Jun. 2002: President and Representative Director of Bandai Networks Co., Ltd. Jun. 2007: Director in charge of Network SBU of the Company Apr. 2009: Managing Director in charge of CS business and NE business of NAMCO BANDAI Games Inc. Apr. 2010: President and Representative Director of BANDAI VISUAL CO., LTD. Apr. 2012: Executive Officer in charge of Content SBU of the Company (current position) President and Representative Director of NAMCO BANDAI Games Inc. (current position) (Major concurrent positions) President and Representative Director of NAMCO BANDAI Games Inc.	21,200 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 the Company's Shares Owned
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) Jun. 2010: Director in charge of Amusement Facility SBU of the Company (current position) (Major concurrent positions) President and Representative Director of NAMCO LIMITED* * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)	44,500 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of the Company's Shares Owned
7	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. Jul. 2006: Business Advisor to the Company Apr. 2008: Outside Director of NAMCO LIMITED* Jun. 2009: Outside Director of the Company (current position) Mar. 2011: Outside Director of STUDIO ALICE Co., Ltd. (current position) * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) (Major concurrent positions) Outside Director of STUDIO ALICE Co., Ltd.	4,300 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of the Company's Shares Owned
8	Nobuo Sayama (December 3, 1953)	Apr. 1976: Joined TEIJIN LIMITED Jul. 1987: Joined Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) Jan. 1999: Representative Director of UNISON CAPITAL, Inc. Apr. 2004: Assistant Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University and Representative Director of GCA Co, Ltd. (currently GCA Holdings Corporation) Apr. 2005: Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University (current position) Oct. 2005: Representative Director of Mezzanine Corporation Mar. 2008: Managing Director of GCA Savvian Group Corporation (current position), and Representative Director of Integral Corporation (current position) Jun. 2011: Outside Director of the Company (current position) Outside Director of LAC Holdings, Inc. (currently Little eArth Corporation Co., Ltd.) (current position) (Major concurrent positions) Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Managing Director of GCA Savvian Group Corporation Representative Director of Integral Corporation Outside Director of Little eArth Corporation Co., Ltd.	--- Shares
9	Tomohisa Tabuchi (December 9, 1957)	Apr. 1984: Admitted to the bar in Japan Apr. 1991: Joined Mori Sogo Law Office (currently Mori Hamada & Matsumoto) Jun. 2006: Outside Corporate Auditor of NAMCO BANDAI Games Inc. Apr. 2007: Established STW & Partners Partner of STW & Partners (current position) Jun. 2010: Outside Director of Hitachi Medical Corporation (current position) Jun. 2011: Outside Director of the Company (current position) (Major concurrent positions) Partner of STW & Partners Outside Director of Hitachi Medical Corporation	--- Shares

(Notes) 1. Each of Mr. Manabu Tazaki, Mr. Nobuo Sayama, and Mr. Tomohisa Tabuchi is a candidate for Outside Director of the Company. Each is currently an Outside Director of the Company. As of the close of this General Meeting of Shareholders, Mr. Manabu Tazaki will have served about three years, Mr. Nobuo Sayama about one year, and Mr. Tomohisa Tabuchi about one year. Liability Limitation Agreements under Article 427, Paragraph 1, of the Companies Act have not been concluded between Mr. Manabu Tazaki, Mr. Nobuo Sayama, or Mr. Tomohisa Tabuchi and the Company.

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

The reasons for proposing Mr. Manabu Tazaki as a candidate for Outside Director are that, given his extensive experience in corporate management, his excellent character and knowledge, and his thorough knowledge of trends in the toys and hobby, and other industries within which the Group is developing its businesses, the Company anticipates that he will be able further to strengthen management oversight and check functions and to introduce a broader managerial perspective and thus believes that he will be able to perform the duties of an Outside Director appropriately.

The reasons for proposing Mr. Nobuo Sayama as a candidate for Outside Director are that, given his extensive experience in corporate management and his profound scholarly knowledge via his teaching activities in the field of corporate strategy, the Company anticipates that he will be able further to strengthen management oversight and check functions, and thus believes that he will be able to perform the duties of an Outside Director appropriately.

The reasons for proposing Mr. Tomohisa Tabuchi as a candidate for Outside Director, although he has not been involved in corporate management other than through serving as an outside director or outside corporate auditor, are that the Company anticipates, given his many years of experience as an attorney-at-law, that he will be able further to strengthen management oversight and check functions, mainly from a legal risk perspective, and thus believes that he will be able to perform the duties of an Outside Director appropriately.

(2) Independence as Outside Director

The Company believes that Mr. Manabu Tazaki, Mr. Nobuo Sayama, and Mr. Tomohisa Tabuchi, 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 filed a notification that each of the candidates would be Independent Directors/Auditors as defined in the rules of the Tokyo Stock Exchange.

2. There are no special interests between each of the candidates for Director and the Company.

Proposal No. 3 Decision on Remuneration Amount and Details for Directors' Stock Options

The Company proposes granting its Directors stock acquisition rights in an amount not exceeding 120 million yen as part of their annual remuneration and requests that this proposal be approved.

The remuneration system for the Company's Directors (apart from Outside Directors) makes its basic policy the promotion of the sharing value with the Company's shareholders and enhancing the morale and motivation of the Directors to improve the Company's performance. In addition, accompanying the start of the "Mid-term Plan of the BANDAI NAMCO Group (from April 2012 to March 2015)" (the "Mid-term Plan") announced in February 2012, we have been making the relationship between performance and remuneration significantly clearer and placing more weight on performance-based remuneration in the Directors' remuneration in order to strongly orient their focus to achieving the goals defined in the Mid-term Plan. As one part of that effort, we would now like to introduce a new system for allotting stock compensation-type stock options on condition that the predefined performance goals are achieved.

Because the performance requirements have been imposed for these stock compensation-type stock options, not as a condition for exercising the options but as a condition for being allotted the options, the stock compensation-type stock options will not be granted to the Directors if those performance requirements are not satisfied. Thus, under this system, remuneration costs will arise only when the Company performs well.

To ensure that the goals of the Mid-term Plan are achieved and to provide motivation to improve performance even more, the Company has, as stated in "3. Requirements for allotment of stock acquisition rights" below, defined two levels of the performance requirements: namely, achieving operating income of 42,500 million yen, the goal for the final fiscal year of the period for the Mid-term Plan, and surpassing that goal to achieve operating income of 53,000 million yen. Whether those performance requirements have been achieved will be determined for each fiscal year while the Mid-term Plan is in effect.

In addition, as stated in "7. Conditions on exercise of stock acquisition rights" below, by limiting the timing of exercise of rights relating to the stock compensation-type stock options allotted to the time when the recipient steps down as a Director, the Company thinks that it will be possible to ensure the sharing of value with all shareholders on an ongoing basis.

If Proposal No. 2 is approved without any changes, then there will be six (6) Directors to whom Proposal No. 3 will apply, excluding the three (3) who are expected to become Outside Directors.

The details of the stock acquisition rights are as stated below.

1. Class and number of shares to be delivered upon exercise of stock acquisition rights

The maximum number of shares of common stock of the Company to be delivered upon exercise of stock acquisition rights per year is 120,000 (0.05% of shares issued).

In the event that the Company carries out a share split or share consolidation, the number of shares to be delivered upon exercise of stock acquisition rights will be adjusted in accordance with the following formula; provided, however, that such adjustment will only be carried out with respect to the number of shares to be delivered upon exercise of stock acquisition rights that are yet to be exercised at the time of the share split or share consolidation, and any fraction of less than one share resulting from such adjustment will be rounded down.

$$\begin{array}{ccccc} \text{Number of shares} & = & \text{Number of shares} & \times & \text{Ratio of share split or} \\ \text{after adjustment} & & \text{before adjustment} & & \text{share consolidation} \end{array}$$

Furthermore, if the number of shares to be delivered upon exercise of stock acquisition rights needs to be adjusted because the Company carries out an absorption-type merger or a consolidation-type merger with another company with succession to the stock acquisition rights provided for in this proposal or because the Company carries out an incorporation-type company split or an absorption-type company split, the Company will make the necessary adjustment in the number of the shares as well.

2. Total number of stock acquisition rights

The maximum number of stock acquisition rights to be allotted per year is 1,200.
The number of shares to be delivered upon exercise of one stock acquisition right is 100 shares.
(If, however, the number of shares is adjusted as provided for in the Paragraph 1. above, then the number of shares to be delivered upon exercise of one stock acquisition right will be adjusted in the same manner.)

3. Requirements for allotment of stock acquisition rights

If the requirement stated in (i) below is satisfied, then stock acquisition rights will be allotted up to a maximum of 60 million yen per year. If, in addition to the requirement stated in (i), the requirement stated in (ii) is also satisfied, then stock acquisition rights will be allotted up to a maximum of 120 million yen per year.
If, however, neither of the requirements stated in (i) or (ii) is satisfied, then no stock acquisition rights will be allotted.

(i) The Company’s consolidated operating income is 42,500 million yen or greater in any of the fiscal years from the fiscal year ending March 2013 through the fiscal year ending March, 2015;
(ii) The Company’s consolidated operating income is 53,000 million yen or greater in any of the fiscal years from the fiscal year ending March 2013 through the fiscal year ending March 2015.

4. Price for issuance of stock acquisition rights

The price for issuance of each stock acquisition right will be calculated based on the Black-Scholes model, an impartial method of valuing stock acquisition rights.
The person who receives an allotment of the stock acquisition rights will, instead of paying the price for issuance of the stock acquisition rights in cash, offset his or her obligation to pay for issuance of the stock acquisition rights against the recipient’s right to his or her remuneration from the Company.

5. Amount to be paid upon exercising stock acquisition rights

The amount to be paid upon exercising each stock acquisition right will be one yen per share to be issued or transferred by the exercise of each stock acquisition right, multiplied by the number of shares to be granted.

6. Exercise period for stock acquisition rights

The exercise period for stock acquisition rights will be decided by the Company's Board of Directors but must not exceed 20 years from the allotment date of the stock acquisition rights.

7. Conditions on exercise of stock acquisition rights

A person who has received an allotment of the stock acquisition rights may, within the period specified in the Paragraph 6. "Exercise period for stock acquisition rights," exercise those stock acquisition rights between one and ten days after the date on which that person loses his or her position as a Director, Auditor, or employee of the Company or of a subsidiary of the Company.

8. Restrictions on assignment of stock acquisition rights

Any assignment of stock acquisition rights requires the approval of the Board of Directors of the Company.

9. Other details concerning stock acquisition rights

Other details concerning stock acquisition rights will be determined at the Board of Directors' meeting of the Company at which matters concerning the offering of such stock acquisition rights will be resolved.

(Reference)

The Company is scheduled, upon a resolution of the Board of Directors of the Company, to grant stock acquisition rights to the directors of the core companies of each SBU of the Group, Bandai Co., Ltd., NAMCO BANDAI Games, Inc., and NAMCO LIMITED, on the same terms as those stated in Proposal No. 3, as part of their remuneration. The number of stock acquisition rights and the conditions for their allotment are as follows:

1. Class and number of shares to be delivered upon exercise of stock acquisition rights

The maximum number of shares of common stock of the Company to be delivered upon exercise of stock acquisition rights per year is 200,000 (0.09% of shares issued).

2. Total number of stock acquisition rights

The maximum number of stock acquisition rights to be allotted per year is 2,000. (The number of shares to be delivered upon exercise of one stock acquisition right is 100 shares.)

3. Requirements for allotment of stock acquisition rights

If the requirement stated in (i) below is satisfied, then stock acquisition rights will be allotted up to a maximum of 100 million yen per year. If, in addition to the requirement stated in (i), the requirement stated in (ii) is also satisfied, then stock acquisition rights will be allotted up to a maximum of 200 million yen per year.

If, however, neither of the conditions stated in (i) or (ii) is satisfied, then no stock acquisition rights will be allotted.

(i) The Company's consolidated operating income is 42,500 million yen or greater and the operating income of the SBU to which the director of the subsidiary in question belongs reaches or exceeds a certain level in any of the fiscal years from the fiscal year ending March 2013 through the fiscal year ending March 2015;

(ii) The Company's consolidated operating income is 53,000 million yen or greater and the operating income of the SBU to which the director of the subsidiary in question belongs reaches or exceeds a certain level in any of the fiscal years from the fiscal year ending March 2013 through the fiscal year ending March 2015.

END