

# NAMCO BANDAI Holdings Inc.

## Notice of the Ninth Ordinary General Meeting of Shareholders to be held on June 23, 2014

An English translation of the original notice in Japanese

### DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Ninth Ordinary General Meeting of Shareholders of NAMCO BANDAI Holdings Inc.” which meeting is to be held on June 23, 2014. 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.

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

Dear Shareholders,

**NOTICE OF THE NINTH ORDINARY GENERAL MEETING  
OF SHAREHOLDERS**

You are cordially invited to attend the Ninth 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 21, 2014.

**Meeting Details**

- 1. Date and Time:** June 23, 2014 (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 Audit & Supervisory Board for the Ninth Fiscal Year (from April 1, 2013 to March 31, 2014)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Ninth Fiscal Year (from April 1, 2013 to March 31, 2014)

**Matters to be Resolved:**

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

**Proposal No. 2:** Partial Amendment to the Articles of Incorporation

**Proposal No. 3:** Election of Nine (9) Directors

**Proposal No. 4:** Election of Four (4) Audit & Supervisory Board Members

**4. Information on Exercise of Voting Rights**

Please see “Information on Exercise of Voting Rights” on pages 3 to 4 of this document.

**[Information on Exercise of Voting Rights]**

Please exercise your voting rights after reviewing the Reference Documents for the General Meeting of Shareholders on pages 5 to 19.

You may exercise your voting rights by one of the following three methods.

**A: Exercise of Voting Rights via attending the General Meeting of Shareholders:**

Please hand in the enclosed Voting Rights Exercise Form at the reception desk at the place of the shareholders' meeting.

In addition, please bring this NOTICE OF THE NINTH ORDINARY GENERAL MEETING OF SHAREHOLDERS.

**B: 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 **5:30 p.m., Saturday, June 21, 2014.**

**C: Exercise of Voting Rights via the Internet etc.:**

Please access the website designated by the Company for the exercise of voting rights (<http://www.evotep.jp/>), enter and send your approval or disapproval of each item on the agenda by **5:30 p.m., Saturday, June 21, 2014.**

For details, please see the following page.

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

In addition, if you cast your vote via the Internet etc. multiple times, then only the last vote cast shall be deemed valid. If you cast your vote via the Internet etc. 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, 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 etc.

<p>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: (<a href="http://www.bandainamco.co.jp/ir/stock/meeting/index.html">http://www.bandainamco.co.jp/ir/stock/meeting/index.html</a>).</p>
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**[Information on Exercise of Voting Rights via the Internet etc.]**

1. The exercise of voting rights via the Internet etc. is available only by gaining access to the Company's designated website for the exercise of voting rights (<http://www.evotep.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 or smartphone, such as firewalls, etc. that are in place to regulate your Internet connections, anti-virus software that has been installed on your PC or smartphone, 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)

**[For Institutional investors]**

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

## 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 ¥11 per share to the stable year-end dividend of ¥12 per share, to pay a year-end dividend of ¥23 per share for this ninth fiscal year.

Since the Company paid an interim dividend of ¥12 per share on December 9, 2013, the total annual dividend for the fiscal year will be ¥35 per share.

(i) Type of dividend assets: Cash
(ii) Allocation of dividend assets to be paid to shareholders and total amount of dividend: Dividend per share of common stock of the Company .....¥23 Total amount of dividends.....¥5,055,438,272
(iii) Effective date of distribution of surplus (dividend): June 24, 2014

\* The current English name of NAMCO BANDAI Games Inc. referred to in this document hereinafter is BANDAI NAMCO Games Inc., following a change in its English name.

**Proposal No. 2: Partial Amendment to the Articles of Incorporation**

The Company would like to amend its Articles of Incorporation in accordance with the proposed amendments mentioned below.

1. Reason for the Amendment

The trade name of the Company in English specified in the current Article 1 (Trade Name) of the Articles of Incorporation is to be changed from NAMCO BANDAI Holdings Inc. to BANDAI NAMCO Holdings Inc. in order to strengthen the Bandai Namco brand's appeal, and increase its value, in Japan and internationally.

2. Detail of the Amendment

The detail of the proposed amendment in content is as follows.

(Amendment shown by underlines.)

Current Articles	Proposed Amendment
<p>(Trade Name)</p> <p>Article 1</p> <p>The Company shall be called Kabushiki Kaisha BANDAI NAMCO Holdings.</p> <p>2. In English it shall be <u>NAMCO BANDAI Holdings Inc.</u></p>	<p>(Trade Name)</p> <p>Article 1</p> <p>(Unchanged)</p> <p>2. In English it shall be <u>BANDAI NAMCO Holdings Inc.</u></p>

**Proposal No. 3: Election of Nine (9) Directors**

Since the terms of office of the nine (9) Directors of the Company will expire as of the close 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)	Positions and Responsibilities in the Company	Career Summary
1	Shukuo Ishikawa (April 15, 1955)  Number of the Company's Shares Owned 40,000 Shares	President and Representative Director	<p>Apr. 1978: Joined NAMCO LIMITED (currently BANDAI NAMCO Games Inc.)</p> <p>Aug. 1991: General Manager, EM Development Department of NAMCO LIMITED</p> <p>Jun. 1995: Director in charge of Development Division II, General Manager, EM Development Department and VS Development Department of NAMCO LIMITED</p> <p>Jun. 1999: Managing Director in charge of Research, Development and Production, and Development Division II of NAMCO LIMITED</p> <p>Apr. 2005: Executive Vice President and Representative Director in charge of contents business of NAMCO LIMITED</p> <p>Apr. 2006: President and Representative Director of NAMCO BANDAI Games Inc.</p> <p>Jun. 2006: Director of the Company</p> <p>Apr. 2009: President and Representative Director of the Company (current position)</p> <p>Apr. 2010: President and Representative Director of NAMCO BANDAI Games Inc.</p> <p>Apr. 2012: Chairman of the Board of NAMCO BANDAI Games Inc.</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
2	<p data-bbox="373 622 558 734">Kazunori Ueno (September 16, 1953)</p> <p data-bbox="373 815 558 949">Number of the Company's Shares Owned 79,550 Shares</p>	<p data-bbox="593 674 782 898">Executive Vice President and Representative Director in charge of Toys and Hobby SBU</p>	<p data-bbox="817 374 1498 508">Apr. 1977: Joined Bandai Co., Ltd. Apr. 1991: General Manager, Candy Toy / Vending Machine Business Department of Bandai Co., Ltd.</p> <p data-bbox="817 508 1498 642">Jun. 2001: Director in charge of the Toy Business Projects and General Manager, Character Toy Business Department of Bandai Co., Ltd.</p> <p data-bbox="817 642 1498 754">Apr. 2003: Managing Director and President, Toys &amp; Hobby Company and Chief Gundam Officer (CGO) of Bandai Co., Ltd.</p> <p data-bbox="817 754 1498 866">Jun. 2005: President and Representative Director of Bandai Co., Ltd., and Chief Gundam Officer (CGO) (current position)</p> <p data-bbox="817 866 1498 900">Sep. 2005: Director of the Company</p> <p data-bbox="817 900 1498 967">Jun. 2007: Director in charge of Toys and Hobby SBU of the Company</p> <p data-bbox="817 967 1498 1090">Apr. 2012: Executive Vice President and Representative Director in charge of Toys and Hobby SBU of the Company (current position)</p> <hr/> <p data-bbox="817 1102 1498 1191">(Major concurrent positions) President and Representative Director of Bandai Co., Ltd.</p>



Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
3	Shuji Ohtsu (August 6, 1959)  Number of the Company's Shares Owned 20,500 Shares	Director and Division General Manager of the Group Administrative Headquarters	<p>Mar. 1986: Licensed as a CPA  Dec. 1996: Partner in Century Audit Corporation  Jan. 2000: Partner in Century Ota Showa &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)  Sep. 2003: Partner in KPMG AZSA &amp; Co. (currently KPMG AZSA LLC)  May 2004: Board Member of KPMG AZSA &amp; 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  Apr. 2013: Director and Division General Manager of the Group Administrative Headquarters of the Company (current position)  President and Representative Director of NAMCO BANDAI Holdings (USA) Inc. (currently BANDAI NAMCO Holdings USA Inc.) (current position)</p> <p>(Major concurrent positions)  President and Representative Director of BANDAI NAMCO Holdings USA Inc.</p>
4	Yuji Asako (January 18, 1966)  Number of the Company's Shares Owned 19,500 Shares	Director and Division General Manager of the Corporate Planning Division	<p>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)  Apr. 2014: Director of NAMCO LIMITED (current position)</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
5	Satoshi Oshita (July 3, 1953)  Number of the Company's Shares Owned 33,900 Shares	Director in charge of Content SBU	<p>Mar. 1976: Joined Bandai Co., Ltd.</p> <p>Apr. 1992: General Manager, Toy Marketing Department of Bandai Co., Ltd.</p> <p>Jun. 1999: Executive Officer and Deputy Division Head, Consumer Business Division, and General Manager, SWAN Business Department of Bandai Co., Ltd.</p> <p>Mar. 2002: Joined Bandai Networks Co., Ltd., as Executive Manager</p> <p>Jun. 2002: President and Representative Director of Bandai Networks Co., Ltd.</p> <p>Jun. 2007: Director in charge of Network SBU of the Company</p> <p>Apr. 2009: Managing Director in charge of CS business and NE business of NAMCO BANDAI Games Inc.</p> <p>Apr. 2010: President and Representative Director of BANDAI VISUAL CO., LTD.</p> <p>Apr. 2012: Executive Officer in charge of Content SBU of the Company President and Representative Director of NAMCO BANDAI Games Inc. (current position)</p> <p>Jun. 2012: Director in charge of Content SBU of the Company (current position)</p> <p>(Major concurrent positions) President and Representative Director of BANDAI NAMCO Games Inc.</p>

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
6 (* )	Hitoshi Hagiwara (April 8, 1959)  Number of the Company's Shares Owned 9,600 Shares	-	<p>Apr. 1978: Joined NAMCO LIMITED (currently BANDAI NAMCO Games Inc.)</p> <p>May 2002: Leader of AM Manufacturing Group, AM Company of NAMCO LIMITED</p> <p>Apr. 2005: Executive Officer and Head of AM Control Division, AM Company of NAMCO LIMITED</p> <p>Apr. 2006: Executive Officer and Vice President of AM Company and Head of AM Control Division of NAMCO BANDAI Games Inc.</p> <p>Apr. 2009: Senior Executive Officer and Division Head of AM Business Division and General Manager of AM Promotion and Advertising Department of NAMCO BANDAI Games Inc.</p> <p>Apr. 2011: Director in charge and General Manager of Amusement Sales Headquarters of NAMCO BANDAI Games Inc.</p> <p>Apr. 2013: Managing Director in charge of Business Management and General Manager of Amusement Machine Business Management Group of NAMCO BANDAI Games Inc.</p> <p>Apr. 2014: Executive Officer in charge of Amusement Facility SBU of the Company (current position) Director of BANDAI NAMCO Games Inc. (current position) President and Representative Director of NAMCO LIMITED* (current position)</p> <p>(Major concurrent positions) President and Representative Director of NAMCO LIMITED* * Newly established company through the incorporation-type company split of NAMCO LIMITED (currently BANDAI NAMCO Games Inc.)</p>

(\* ) A new candidate for Director of the Company

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
7	<u>Outside Director</u>  Nobuo Sayama (December 3, 1953)  Number of the Company's Shares Owned --- Shares	Director	Apr. 1976: Joined TEIJIN LIMITED Jul. 1987: Joined Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) Dec. 1998: Resigned from The Sakura Bank, Limited (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 Representative Director of GCA Co, Ltd. (currently GCA Savvian 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 (currently GCA Savvian Corporation) Representative Director of Integral Corporation (current position) Jun. 2011: Outside Director of the Company (current position) Outside Director of LAC Holdings, Inc. (currently LAC Co., Ltd.) (current position)
			(Major concurrent positions) Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Representative Director of Integral Corporation Outside Director of LAC Co., Ltd.
(Reason for proposing Mr. Nobuo Sayama as a candidate for Outside Director and his competence as Outside Director) 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.			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
8	<u>Outside Director</u>  Tomohisa Tabuchi (December 9, 1957)  Number of the Company's Shares Owned --- Shares	Director	Apr. 1984: Admitted to the bar in Japan Apr. 1991: Joined Mori Sogo Law Office (currently Mori Hamada & Matsumoto) Jun. 2006: Outside Audit & Supervisory Board Member of NAMCO BANDAI Games Inc. Apr. 2007: Established STW & Partners Partner of STW & Partners (current position) Jun. 2011: Outside Director of the Company (current position) Jun. 2013: Outside Audit & Supervisory Board Member of Rakuten Bank, Ltd. (current position)
			(Major concurrent positions) Attorney-at-Law, Partner of STW & Partners Outside Audit & Supervisory Board Member of Rakuten Bank, Ltd.
(Reason for proposing Mr. Tomohisa Tabuchi as a candidate for Outside Director and his competence as Outside Director) Although he has not been involved in corporate management other than through serving as an Outside Director or Outside Audit & Supervisory Board Member, 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.			

Candidate No.	Name (Date of Birth)	Positions and Responsibilities in the Company	Career Summary
9 (* )	<u>Outside Director</u>  Yuzuru Matsuda (June 25, 1948)  Number of the Company's Shares Owned --- Shares	-	Apr. 1977: Joined Kyowa Hakko Kogyo Co., Ltd. (currently Kyowa Hakko Kirin Co., Ltd.)  Jun. 2000: Executive Officer and Head of Pharmaceutical Research Institute of Kyowa Hakko Kogyo Co., Ltd.  Jun. 2002: Managing Director and General Manager of Comprehensive Planning Office of Kyowa Hakko Kogyo Co., Ltd.  Jun. 2003: President and Representative Director of Kyowa Hakko Kogyo Co., Ltd.  Oct. 2008: Executive Director of the Board, President and Chief Executive Officer of Kyowa Hakko Kirin Co., Ltd.  Mar. 2012: Advisor of Kyowa Hakko Kirin Co., Ltd.  Jun. 2012: Head of Kato Memorial Bioscience Foundation (current position)
			(Major concurrent positions) Head of Kato Memorial Bioscience Foundation
(Reason for proposing Mr. Yuzuru Matsuda as a candidate for Outside Director and his competence as Outside Director) Given his extensive experience in corporate management and his excellent character and acumen, the Company anticipates that he will be able to further strengthen management oversight and checking functions, and introduce a broader managerial perspective, and thus believes that he will be able to perform the duties of an Outside Director appropriately.			

(\* ) A new candidate for Director of the Company

- (Notes) 1. Each of Mr. Nobuo Sayama, Mr. Tomohisa Tabuchi and Mr. Yuzuru Matsuda is a candidate for Outside Director of the Company. Mr. Nobuo Sayama and Mr. Tomohisa Tabuchi are currently Outside Directors of the Company. As of the close of this General Meeting of Shareholders, Mr. Nobuo Sayama and Mr. Tomohisa Tabuchi will have served about three years. Liability Limitation Agreements under Article 427, Paragraph 1, of the Companies Act have not been concluded between each of them and the Company.
2. Independence as Outside Director  
 The Company believes that Mr. Nobuo Sayama, Mr. Tomohisa Tabuchi and Mr. Yuzuru Matsuda, who are candidates for Outside Director of the Company, all satisfy the Company's Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members (please refer to "Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members" on page 19.) and thus have no risk of conflicts of interest with general shareholders and have a high degree of independence. The Company has filed a notification with the Tokyo Stock Exchange that each of the candidates would be Independent Directors/Auditors as defined in the rules of the Tokyo Stock Exchange.
3. There are no special interests between each of the candidates for Director and the Company.
4. On April 1, 2014, NAMCO BANDAI Games Inc. changed its English name to BANDAI NAMCO Games Inc. and NAMCO BANDAI Holdings (USA) Inc. changed its trade name to BANDAI NAMCO Holdings USA Inc.

**Proposal No. 4: Election of Four (4) Audit & Supervisory Board Members**

Since the terms of office of the four (4) Audit & Supervisory Board Members of the Company will expire as of the close of this General Meeting of Shareholders, the Company requests the election of four (4) Audit & Supervisory Board Members.

This Proposal has already been approved by the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Member of the Company are as follows:

Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company
1 (* )	Kazuo Asami (January 19, 1955)  Number of the Company's Shares Owned 16,000 Shares	Apr. 1978: Joined NAMCO LIMITED (currently BANDAI NAMCO Games Inc.) Jun. 1998: General Manager of Group Control Division of NAMCO LIMITED Apr. 2005: Executive Officer and General Manager of Corporate Headquarters of NAMCO LIMITED Apr. 2006: Director and General Manager of Corporate Headquarters of NAMCO BANDAI Games Inc. Apr. 2008: Executive Officer and Deputy Division General Manager of the Group Administrative Headquarters of the Company Director in charge of the Administrative Headquarters and General Manager of Administrative Headquarters of NAMCO LIMITED* Apr. 2014: Adviser of the Company (current position) *Newly established company through the incorporation-type company split of NAMCO LIMITED (currently BANDAI NAMCO Games Inc.)

(\* ) A new candidate for Audit & Supervisory Board Member of the Company

Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company
2	<u>Outside Audit &amp; Supervisory Board Member</u>  Katsuhiko Kohtari (January 19, 1960)  Number of the Company's Shares Owned 2,500 Shares	Apr. 1982: Joined Peat Marwick Mitchell & Co., an accounting firm Mar. 1986: Licensed as a CPA Aug. 1988: Joined the Chuo Shinko Audit Corporation Jun. 2005: Full Time Audit & Supervisory Board Member of Bandai Co., Ltd.  Jun. 2010: Full Time Audit & Supervisory Board Member of the Company (current position)
<p>(Reason for proposing Mr. Kohtari as a candidate for Outside Audit &amp; Supervisory Board Member and his competence as an Outside Audit &amp; Supervisory Board Member)</p> <p>Although he has not been involved in corporate management other than through serving as an Outside Audit &amp; Supervisory Board Member, the Company anticipates that, given his many years of experience as a certified public accountant, he will be able to utilize his wealth of knowledge and experience in finance and accounting in the audit system of the Company, and thus believes he will be able to perform the duties of an Outside Audit &amp; Supervisory Board Member appropriately.</p>		



Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company
3	<u>Outside Audit &amp; Supervisory Board Member</u>  Osamu Sudoh (January 24, 1952)  Number of the Company's Shares Owned 8,200 Shares	Apr. 1980: Admitted to the bar in Japan Apr. 1983: Partner in Tokyo Yaesu Law Office Jun. 1999: Partner in Sudoh & Takai Law Offices (current position) Jun. 2003: Outside Audit & Supervisory Board Member of NAMCO LIMITED (currently BANDAI NAMCO Games Inc.) Sep. 2005: Outside Audit & Supervisory Board Member of the Company (current position) Mar. 2006: Outside Audit & Supervisory Board Member of NAMCO LIMITED* Jun. 2009: Outside Director of eBANK Corporation (currently Rakuten Bank, Ltd.) (current position) Jun. 2011: Outside Audit & Supervisory Board Member of MITSUI-SOKO Co., Ltd. (current position) Jun. 2012: Outside Director of Accordia Golf Co., Ltd. (current position) * Newly established company through the company split of NAMCO LIMITED (currently BANDAI NAMCO Games Inc.)
		(Major concurrent positions) Attorney-at-Law, Partner in Sudoh & Takai Law Offices Outside Director of Rakuten Bank, Ltd. Outside Director of Accordia Golf Co., Ltd. Outside Audit & Supervisory Board Member of MITSUI-SOKO Co., Ltd.
		(Reason for proposing Mr. Sudoh as a candidate for Outside Audit & Supervisory Board Member and his competence as an Outside Audit & Supervisory Board Member) Although he has not been involved in corporate management other than through serving as an Outside Director or Outside Audit & Supervisory Board Member, the Company anticipates that, given his many years of experience as an attorney-at-law, he will be able to utilize his wealth of knowledge and experience from a legal perspective in the audit system of the Company, and thus believes he will be able to perform the duties of an Outside Audit & Supervisory Board Member appropriately.

Candidate No.	Name (Date of Birth)	Career Summary and Positions in the Company	
4 (*)	<u>Outside Audit &amp; Supervisory Board Member</u>  Katsuhiko Kamijo (September 17, 1951)  Number of the Company's Shares Owned --- Shares	Apr. 1978:	Joined National Tax Agency
		Jul. 1986:	District Director of Suzuka Tax Office
		Jul. 2001:	Manager of Second Taxation Department of Tokyo Regional Taxation Bureau
		Jul. 2005:	Director (Information System Management) of National Tax Agency
		Jul. 2008:	Regional Commissioner of Okinawa Regional Taxation Office
		Jul. 2009:	Commissioner of Nagoya National Tax Tribunal
		Jul. 2011:	Retired from National Tax Agency
		Sep. 2011:	Professor at Faculty of Law of Teikyo University (current position)
		Jun. 2013:	Outside Audit & Supervisory Board Member of HASEKO Corporation (current position)
		(Major concurrent positions) Professor at Faculty of Law of Teikyo University Outside Audit & Supervisory Board Member of HASEKO Corporation	
	(Reason for proposing Mr. Kamijo as a candidate for Outside Audit & Supervisory Board Member and his competence as an Outside Audit & Supervisory Board Member) Although he has not been involved in corporate management other than through serving as an Outside Audit & Supervisory Board Member, the Company anticipates that, given his many years mastering tax affairs and administration, and given that he is a certified public tax accountant, he will be able to utilize his wealth of knowledge and experience in taxation in the audit system of the Company, and thus believes he will be able to perform the duties of an Outside Audit & Supervisory Board Member appropriately.		

(\*) New candidate for Audit & Supervisory Board Member of the Company

- (Notes) 1. Each of Mr. Katsuhiko Kohtari, Mr. Osamu Sudoh and Mr. Katsuhiko Kamijo is a candidate for Outside Audit & Supervisory Board Member of the Company. Mr. Katsuhiko Kohtari and Mr. Osamu Sudoh are currently Outside Audit & Supervisory Board Members of the Company. As of the close of this General Meeting of Shareholders, Mr. Katsuhiko Kohtari will have served about four years and Mr. Osamu Sudoh about eight years and nine months. Liability Limitation Agreements under Article 427, Paragraph 1, of the Companies Act have not been concluded between each of them and the Company.
2. Independence as Outside Audit & Supervisory Board Member  
 The Company believes that Mr. Katsuhiko Kohtari, Mr. Osamu Sudoh and Mr. Katsuhiko Kamijo, who are candidates for Outside Audit & Supervisory Board Member of the Company, all satisfy the Company's Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members (please refer to "Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members" on page 19.) and thus have no risk of conflicts of interest with general shareholders and have a high degree of independence. The Company has filed a notification with the Tokyo Stock Exchange that each of the candidates would be Independent Directors/Auditors as defined in the rules of the Tokyo Stock Exchange.
3. There are no special interests between each of the candidates for Audit & Supervisory Board Member and the Company.
4. On April 1, 2014, NAMCO BANDAI Games Inc. changed its English name to BANDAI NAMCO Games Inc.

### **Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members (Reference)**

The Company has prescribed the following “Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members” and has nominated Outside Directors and Outside Audit & Supervisory Board Members based on such standards.

#### Standards for the Independence of Outside Directors and Outside Audit & Supervisory Board Members

In order for the Outside Directors and Outside Audit & Supervisory Board Members of the Company to be judged as being independent, such Outside Directors and Outside Audit & Supervisory Board Members must not fall under any of the following items.

1. Any person who purports to be a major business partner of the Company (including group companies of the Company; the same applies hereafter)
2. Any Executive Director, Executive Officer, Manager or other employee of a company that purports to be a major business partner of the Company
3. Any person who is a major business partner of the Company
4. Any Executive Director, Executive Officer, Manager or other employee of a company that is a major business partner of the Company
5. Any attorney-at-law, certified public accountant, certified public tax accountant, consultant or other expert who receives monies or other economic benefits above a certain amount from the Company, in addition to his or her remuneration as a Director or Audit & Supervisory Board Member
6. Any person belonging to a company, association or other organization such as a law firm, auditing firm, tax accountant corporation and consultancy which receives monies or other economic benefits above a certain amount from the Company
7. Any person receiving donations or subsidies from the Company above a certain amount
8. Any person who is a Board member or other Executive Officer in a company, association or other organization which receives donations or subsidies from the Company above a certain amount
9. If an Executive Director or full-time Audit & Supervisory Board Member for the Company concurrently holds a position as an Outside Director or Outside Audit & Supervisory Board Member at another company, any person who is an Executive Director, Executive Officer, Manager or other employee of that company
10. Any person who has come under one of the categories listed in items 1 through 9 above in the past 5 years
11. If a person coming under one of the categories listed in items 1 through 9 above is an important person, that person’s spouse or relative within the second degree of kinship
12. The spouse or relative within the second degree of kinship of any person who is a Director, Executive Officer, Manager or other important employee of the Company or its subsidiaries

- (Notes)1 In items 1 and 2, where it reads “any person who purports to be a major business partner of the Company,” this means “any person (or company) who has received a payment from the Company 2% or more of its annual consolidated net sales for the most recent business year.”
- 2 In items 3 and 4, where it reads “any person who is a major business partner of the Company,” this means “any person (or company) who has paid to the Company an amount 2% or more of the Company’s annual consolidated net sales for the most recent business year, or any person (or company) who has provided the Company with a loan of an amount 2% or greater of the value of the Company’s consolidated total assets as of the end of the most recent business year.”
- 3 In items 5, 7 and 8, where it reads “a certain amount,” this means “¥10 million a year.”
- 4 In item 6, where it reads “a certain amount,” this means “2% or more of the total net sales for that company, association or organization for the most recent business year, or ¥100 million; whichever is greater.”

END

**BUSINESS REPORTS***(From April 1, 2013 to March 31, 2014)***1. Current Status of the Group****(1) Business Status for This Fiscal Year****(i) Business Progress and Results**

During this fiscal year, although there were some bright signs in the economic environment in Japan against a backdrop of economic policies and fiscal easing, such as improved corporate profitability and individual consumption, the economic outlook remained uncertain due to concerns about impacts of the consumption tax increase in April 2014 and other factors. In North America and Europe also, individual consumption remained weak and the economic environment continued to be uncertain due to confusion over fiscal policy and severe problems with unemployment.

In this environment, the BANDAI NAMCO Group (“the Group”) implemented various measures aimed at medium- to long-term growth, focusing on its IP\* strategy, under the concept of “Empower, Gain Momentum, Accelerate Evolution,” which is the vision of the Group’s Mid-term Plan, started in April 2012. On the business front, sales were favorable in the Content Business in areas including home video game software, visual and music content and network content. In addition, the Toys and Hobby Business performed favorably, particularly its long-established IP products in Japan. In the Amusement Facility Business, an extraordinary loss was recorded in connection with the closure of unprofitable stores and disposal of machines that were forecast to have low levels of usage.

Consequently, the Group’s consolidated results at fiscal year-end were net sales of 507,679 million yen (year-on-year increase of 4.2%), operating income of 44,672 million yen (year-on-year decrease of 8.2%), recurring income of 47,456 million yen (year-on-year decrease of 5.0%), and net income of 25,054 million yen (year-on-year decrease of 22.6%).

\* IP: intellectual property (including intellectual property of characters)

**(ii) Outline of Business by Business Segment****(Millions of yen)**

Business Segment	Net Sales			Operating Income (Loss)		
	Year Ended March 31, 2013	Year Ended March 31, 2014	Change	Year Ended March 31, 2013	Year Ended March 31, 2014	Change
Toys and Hobby	172,977	186,390	Increase of 13,413	11,255	10,510	Decrease of 745
Content	263,595	278,408	Increase of 14,813	36,438	37,248	Increase of 810
Amusement Facility	60,185	58,199	Decrease of 1,985	1,683	(897)	Decrease of 2,581
Other	25,788	27,350	Increase of 1,562	1,692	1,646	Decrease of 46
Eliminations and Corporate	(35,305)	(42,670)	Decrease of 7,364	(2,427)	(3,834)	Decrease of 1,407
Consolidated	487,241	507,679	Increase of 20,437	48,642	44,672	Decrease of 3,970

### Toys and Hobby Business

In the Toys and Hobby Business, in Japan, sales performed favorably thanks to cross-functional efforts undertaken across all businesses for long-established IP such as *Kyouryuger* (the *Power Rangers* series), *KAMEN RIDER GAIM* and *DOKIDOKI! PRETTY CURE* in addition to products of new IP *Aikatsu!* for girls. In addition, its new IP aimed at boys, *Youkai Watch*, was launched in January 2014, and has proved to be a very popular product. Aside from that, the Group strived to broaden the variety of its target customers by such means as stepping up development of products for babies and pre-school children, and also for adults, thereby steadily moving toward achieving our objective of becoming No. 1 in each target and market in Japan by an overwhelming margin.

Overseas, in North America and Europe, products of the *Power Rangers* series sold steadily but North America and Europe struggled overall. In the Asian region, toys, plastic models, collectable toys for adults and card products became popular thanks to developments in conjunction with Japan.

As a result, net sales in the Toys and Hobby Business were 186,390 million yen (year-on-year increase of 7.8%), and operating income was 10,510 million yen (year-on-year decrease of 6.6%).

Description of Business
Manufacturing and sales of toys, candy toys, production for vending machines, cards, plastic models, apparel, sundries, etc.

### Content Business

Looking at the Content Business, in the area of home video game software, *DARK SOULS II* for overseas and *GOD EATER 2* for Japan were hits, while there were favorable repeat sales of several products including *Disney MAGIC CASTLE MY HAPPY LIFE* and the *TAIKO: DRUM MASTER* series, which was launched in the previous fiscal year.

In the area of network content, the key titles of social games such as *ONE PIECE Grand Collection*, the *Mobile Suit Gundam* series and *THE IDOL M@STER* series sold stably, and applications for smartphones such as the *Mobile Suit Gundam* series and online games contributed to improve the performance as well.

In the area of visual and music content, strong sales were realized from multiple new titles such as *SPACE BATTLESHIP YAMATO 2199*, *LoveLive! School idol project* and *GIRLS und PANZER*, as well as animation related music titles. The Group strived to maximize IP value through cross-functional efforts in the Content Business by linking products and services with network functions and events.

As a result, net sales in the Content Business were 278,408 million yen (year-on-year increase of 5.6%), and operating income was 37,248 million yen (year-on-year increase of 2.2%).

Description of 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, distribution services for on-demand visual content, live entertainment operations, etc.

### Amusement Facility Business

In the Amusement Facility Business, in Japan, the Group newly opened three indoor theme parks as a measure to build a new business pillar to follow on from the existing amusement facility businesses, while also promoting the development of differentiated facilities that offer the experience of the Group's distinctive worldview of specific IPs, but sales of existing facilities declined to 93.8% of the level of the previous fiscal year.

As a result, net sales in the Amusement Facility Business were 58,199 million yen (year-on-year decrease of 3.3%), and operating loss was 897 million yen (compared to 1,683 million yen operating income in the previous fiscal year).

Description of Business
Operation of amusement facilities, etc.

### Number of Facilities as of March 31, 2014

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
247	1,044	4	1,295

### Other Businesses

Other Businesses consist of companies that conduct businesses such as logistics support, printing, and other kinds of administration and operational support for each of the Group's strategic business units: Toys and Hobby SBU, Content SBU, and Amusement Facility SBU. We are making efforts to manage such operations related to group support in an efficient manner.

As a result, net sales in the Other Businesses were 27,350 million yen (year-on-year increase of 6.1%), and operating income was 1,646 million yen (year-on-year decrease of 2.7%).

Description of Business
Transportation and storage of products, management of real estate, printing, etc.

### (iii) Capital Expenditures

In this fiscal year, the Group carried out 23,460 million yen in capital expenditures; the funds were primarily used for investments in the manufacturing of molds associated with the development of new products and in amusement facilities and machines.

### (iv) Fundraising

Not applicable.

### (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

Not applicable.

(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	6th Fiscal Year (Year Ended March 31, 2011)	7th Fiscal Year (Year Ended March 31, 2012)	8th Fiscal Year (Year Ended March 31, 2013)	9th Fiscal Year (This Fiscal Year) (Year Ended March 31, 2014)
Net sales (Millions of yen)	394,178	454,210	487,241	507,679
Operating income (Millions of yen)	16,338	34,606	48,642	44,672
Recurring income (Millions of yen)	16,399	34,960	49,972	47,456
Net income (Millions of yen)	1,848	19,303	32,383	25,054
Net income per share	¥7.71	¥85.62	¥147.40	¥114.05
Total assets (Millions of yen)	308,269	342,171	374,203	405,092
Net assets (Millions of yen)	213,693	213,125	248,769	267,951
Net assets per share	¥896.83	¥962.45	¥1,124.45	¥1,217.74

### (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.	¥ 10,000 million	100.0%	Manufacturing and sales of toys and apparel, etc.
NAMCO BANDAI Games Inc.	¥ 10,000 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.
BANDAI 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) On January 31, 2014, NAMCO Holdings UK LTD. changed its trade name to BANDAI NAMCO Holdings UK LTD. and on April 1, 2014, NAMCO BANDAI Holdings (USA) Inc. changed its trade name to BANDAI NAMCO Holdings USA Inc. Also, NAMCO BANDAI Games Inc. changed its English name to BANDAI NAMCO Games Inc. on April 1, 2014 but its Japanese name remains unchanged.

#### (4) Issues to be Addressed

The Group and this industry must address many important, long-term issues, including (i) the 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 IP

The Group is strengthening its IP creation and acquisition, development, and utilization functions in order to respond to changes in the environment such as development of oligopolies in the distribution and media fields, the widespread penetration of networks, and technological improvements. Specifically, the Group will maximize the value of its individual IP through holding meetings across the Group. It will also facilitate IP creation, acquisition and development through, for example, creation of IP by its products and services and operation of an IP posting system by the Group employees and so on.

##### 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, 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 IP popular in Japan in the rest of Asia. In the North American and European markets, in addition to improving profitability through strengthening the expansion of its major IP, it is working to expand its IP lineup and the regions in which it is operating, with a view to achieving medium-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 customer needs." To address these issues, the unit is undertaking the following initiatives. In the area of home video game software, in addition to providing packages suited to IP characteristics and designed for the optimum platform, the unit is also introducing new services integrated with networks. For arcade game machines, as well as developing machines that offer enjoyable playing experiences that only arcade machines can offer, the unit is diversifying sales methods and expanding sales in emerging countries, particularly in Asia. In the area of network content, in addition to providing stable operation of existing titles, the unit is aggressively launching new services suited to changes in the environment. For visual and music content, while implementing selection and concentration for sales titles, the Group will strive hard to create superior IP. On the development front, the unit will put in place and improve the development environment from a medium- and long-term perspective, such as by implementing measures to respond swiftly to technological progress and changes in the environment.

Amusement Facility SBU

"Increasingly diverse consumer needs," "weak individual consumption," and "revision of consumption tax rate" are among the issues for this unit's industry. To address these issues, domestically this unit will conduct business operations focusing on profitability within basic business segments, and creating new business structures by enhancing the development of facilities to differentiate the Group, such as theme parks utilizing our IP and new forms of amusement facilities blending our IP with sales of merchandise and food and drink. Overseas, the unit will stably operate its business through continuing to select and concentrate businesses and improve management efficiency.

We ask for our shareholders' further assistance and guidance.

(5) Principal Business Offices of the Group (As of March 31, 2014)

(i) The Company

Head Office	4-5-15 Higashi-Shinagawa, Shinagawa-ku, Tokyo
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(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
BANDAI NAMCO Holdings UK LTD.	London, U.K.
BANDAI (H.K.) CO., LTD.	Hong Kong, China

(6) Outline of Employees (As of March 31, 2014)

(i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	2,296	(1,905)	Increase of 126	(Increase of 441)
Content Business	3,070	(567)	Increase of 131	(Increase of 174)
Amusement Facility Business	1,067	(3,749)	Decrease of 43	(Increase of 163)
Other Businesses	591	(459)	Decrease of 3	(Increase of 88)
Corporate (Common)	127	(15)	Decrease of 43	(Decrease of 6)
Total	7,151	(6,695)	Increase of 168	(Increase of 860)

- (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 BANDAI NAMCO Holdings UK LTD.
4. The increase in the number of employees listed for “Toys and Hobby Business” is due to factors such as the widened scope of consolidation for Sun-Star Stationery Co., Ltd. in this fiscal year, and the commencement of operations of the production plant at BANDAI PHILIPPINES INC.
5. The increase in the number of employees listed for “Content Business” is due to factors such as an increase in development personnel.
6. The fluctuation in the number of employees listed for “Amusement Facility Business” is due to factors such as store openings and store closures.
7. The decrease in the number of employees listed for “Corporate (Common)” is mainly due to transfers to other companies within the Group.

(ii) Employees of the Company

Number of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Service
118 (15)	Decrease of 43 (Decrease of 6)	39.7	12.7

- (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. The decrease in the number of employees is mainly due to transfers to other companies within the Group.

(7) Principal Lenders (As of March 31, 2014)

Lenders	Amount
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥3,769 million
Sumitomo Mitsui Banking Corporation	¥2,875 million
Mizuho Bank, Ltd.	¥1,568 million
Mitsubishi UFJ Trust and Banking Corporation	¥600 million

(8) Other Important Matters of the Group

Not applicable.

## 2. Current Status of the Company

### (1) Status of Shares (As of March 31, 2014)

- (i) Total Number of Shares Issuable: 1,000,000,000 shares
- (ii) Total Number of Issued Shares: 222,000,000 shares
- (iii) Number of Shareholders: 35,339  
(decrease of 7,461 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)	13,987,400	6.36
Japan Trustee Services Bank, Ltd. (Trust account)	10,134,300	4.61
XIL, LTD.	6,000,000	2.73
Masaya Nakamura	5,960,000	2.71
MAL Ltd.	5,900,100	2.68
State Street Bank and Trust Company 505225	5,305,993	2.41
JP MORGAN CHASE BANK 385632	4,667,699	2.12
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100	2.09
Nintendo Co., Ltd.	3,845,700	1.75
Northern Trust Company (AVFC) (Non-treaty account)	3,373,052	1.53

(Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (2,198,336 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)	11,641,300 shares
Japan Trustee Services Bank, Ltd. (Trust account)	9,771,200 shares
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100 shares

3. The 4,586,100 shares owned by The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account) were the shares of Bandai Co., Ltd. that were owned by UFJ Bank (currently 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 Audit & Supervisory Board Members of the Company That Were Delivered as Consideration for the Execution of Their Duties at the End of This Fiscal Year

Stock Subscription Rights as per Resolution Made at the Board of Directors Meeting Held on May 21, 2013

- a. Number of Stock Subscription Rights  
211
- b. Type and Number of Shares Underlying Stock Subscription Rights  
21,100 shares of common stock (100 shares per stock subscription right)
- c. Amount Paid for the Issuance of Stock Subscription Rights  
No requirement to make payment
- d. Value of the Property to Be Contributed at the Time of Exercising Stock Subscription Rights  
100 yen per stock subscription right (1 yen per share)
- e. Period During Which Stock Subscription Rights Can Be Exercised  
From June 5, 2013 to June 4, 2033
- f. Conditions for Exercising Stock Subscription Rights
  - i) The stock subscription rights holders may exercise stock subscription rights during the “Period During Which Stock Subscription Rights Can Be Exercised”, limited to 10 days after the day following that on which the position of the holder as either Director, Audit & Supervisory Board Member or employee at the Company or a Group company was lost.
  - ii) If a stock subscription rights holder dies, his or her heir (limited to one individual) shall exercise those rights.
  - iii) The transfer of stock acquisition rights requires the approval of the Board of Directors of the Company.
- g. Stock Subscription Rights Held by Company Directors and Audit & Supervisory Board Members of the Company

	Number of Stock Subscription Rights	Number of Shares Underlying Stock Subscription Rights	Number of Holders
Directors (excluding Outside Directors)	211	21,100	5
Outside Directors	–	–	–
Audit & Supervisory Board Members	–	–	–

(ii) Stock Subscription Rights Delivered to Directors of the Subsidiaries of the Company, as Considerations for the Execution of Their Duties in This Fiscal Year

Stock Subscription Rights as per Resolution Made at the Board of Directors Meeting Held on May 21, 2013

- a. Number of Stock Subscription Rights  
150
- b. Type and Number of Shares Underlying Stock Subscription Rights  
15,000 shares of common stock (100 shares per stock subscription right)
- c. Amount Paid for the Issuance of Stock Subscription Rights  
No requirement to make payment
- d. Value of the Property to Be Contributed at the Time of Exercising Stock Subscription Rights  
100 yen per stock subscription right (1 yen per share)
- e. Period During Which Stock Subscription Rights Can Be Exercised  
From June 5, 2013 to June 4, 2033
- f. Conditions for Exercising Stock Subscription Rights
  - i) The stock subscription rights holders may exercise stock subscription rights during the “Period During Which Stock Subscription Rights Can Be Exercised”, limited to 10 days after the day following that on which the position of the holder as either Director, Audit & Supervisory Board Member or employee at the Company or a Group company was lost.
  - ii) If a stock subscription rights holder dies, his or her heir (limited to one individual) shall exercise those rights.
  - iii) The transfer of stock acquisition rights requires the approval of the Board of Directors of the Company.
- g. Stock Subscription Rights Delivered to Directors of the Subsidiaries of the Company

	Number of Stock Subscription Rights	Number of Shares Underlying Stock Subscription Rights	Number of Recipients
Directors of the Subsidiaries of the Company	150	15,000	6

## (3) Directors and Audit &amp; Supervisory Board Members of the Company

## (i) Directors and Audit &amp; Supervisory Board Members (As of March 31, 2014)

Title	Name	Responsibilities in the Company and Major Concurrent Positions
President and Representative Director	Shukuo Ishikawa	
Executive Vice President and Representative Director	Kazunori Ueno	Responsible for the Toys and Hobby SBU President and Representative Director of Bandai Co., Ltd.
Director	Shuji Ohtsu	Division General Manager of the Group Administrative Headquarters President and Representative Director of NAMCO BANDAI Holdings (USA) Inc.
Director	Yuji Asako	Division General Manager of the Corporate Planning Division
Director	Satoshi Oshita	Responsible for the Content SBU President and Representative Director of NAMCO BANDAI Games Inc.
Director	Masahiro Tachibana	Responsible for the Amusement Facility SBU 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 Representative Director of Integral Corporation Outside Director of LAC Co., Ltd.
Director	Tomohisa Tabuchi	Attorney-at-Law Partner in STW & Partners Outside Audit & Supervisory Board Member of Rakuten Bank, Ltd.
Full Time Audit & Supervisory Board Member	Koichiro Honma	
Full Time Audit & Supervisory Board Member	Katsuhiko Kohtari	Certified Public Accountant
Audit & Supervisory Board Member	Osamu Sudoh	Attorney-at-Law Partner in Sudoh & Takai Law Offices Outside Director of Rakuten Bank, Ltd. Outside Director of Accordia Golf Co., Ltd. Outside Audit & Supervisory Board Member of MITSUI-SOKO Co., Ltd.
Audit & Supervisory Board Member	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 Audit & Supervisory Board Member Katsuhiko Kohtari and Audit & Supervisory Board Members Osamu Sudoh and Kouji Yanase are Outside Audit & Supervisory Board Members.
3. Full Time Audit & Supervisory Board Member Katsuhiko Kohtari is a certified public accountant and has considerable knowledge of finance and accounting.
4. Audit & Supervisory Board Member 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. Director Masahiro Tachibana retired as President and Representative Director of NAMCO LIMITED on March 31, 2014 and took office as Chairman of the aforementioned company on April 1, 2014.
6. The Company has appointed Outside Directors Manabu Tazaki, Nobuo Sayama, and Tomohisa Tabuchi and Outside Audit & Supervisory Board Members Katsuhiko Kohtari, Osamu Sudoh, and Kouji Yanase as Independent Directors/Auditors as defined in the rules of the Tokyo Stock Exchange and has filed therewith the notification regarding their appointments.

- (ii) Directors and Audit & Supervisory Board Members Who Retired or Were Dismissed during This Fiscal Year

Not applicable.

- (iii) Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members

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

	Number of People	Amount of Remuneration, etc.
Directors	7	¥335 million
Audit & Supervisory Board Members	4	¥67 million
Total	11	¥403 million
(Outside Directors and Outside Audit & Supervisory Board Members)	(6)	(¥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. In addition, at the 7th Ordinary General Meeting of Shareholders held on June 18, 2012, it was resolved that the upper limit on their stock option remuneration is 120 million yen per year.
3. At the Ordinary General Meetings of Shareholders for Bandai Co., Ltd. and NAMCO LIMITED (currently BANDAI NAMCO Games Inc.) held on June 23, 2005 and on June 25, 2005 respectively, it was resolved that the remuneration limit for Audit & Supervisory Board Members must be 8 million yen per month.



(iv) Matters Concerning Outside Directors and Outside Audit & Supervisory Board Members

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 Audit & Supervisory Board Members are as stated in “(i) Directors and Audit & Supervisory Board Members” on page 31.

Moreover, there are no special relationships between the Company and the entities with which Outside Directors and Outside Audit & Supervisory Board Members have concurrent positions.

b. Main Activities in This Fiscal Year

(Directors)

	Board of Directors Meetings (Held 18 times)		Statements Made at Board of Directors Meetings
	Number of Meetings Attended	Attendance Rate	
Manabu Tazaki	18	100.0%	Provided 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.
Nobuo Sayama	18	100.0%	Provided 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.
Tomohisa Tabuchi	18	100.0%	Provided 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.

(Audit & Supervisory Board Members)

	Board of Directors Meetings (Held 18 times)		Audit & Supervisory Board Meetings (Held 14 times)		Statements Made at Board of Directors Meetings and Audit & Supervisory Board Meetings
	Number of Meetings Attended	Attendance Rate	Number of Meetings Attended	Attendance Rate	
Katsuhiko Kohtari	18	100.0%	14	100.0%	Provided 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 Audit & Supervisory Board.
Osamu Sudoh	16	88.9%	14	100.0%	Provided 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 and the Audit & Supervisory Board.
Kouji Yanase	18	100.0%	14	100.0%	Provided 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 and the Audit & Supervisory Board.

c. Summary of Contracts Concerning Limited Liability

Not applicable.

d. Total Amount of Remuneration, etc. Paid to Directors and Audit & Supervisory Board Members 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	¥74 million
Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥227 million

- (Notes) 1. NAMCO BANDAI Holding (USA) Inc., BANDAI S.A., BANDAI 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 commissioned the Accounting Auditor to provide support for introducing CAAT (Computer Assisted Audit Techniques), which is outside the scope of operations provided for in Article 2, Paragraph 1 of the Certified Public Accountants Act, and paid remuneration for this service.

(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 Audit & Supervisory Board will remove such Accounting Auditor with the unanimous approval of the Audit & Supervisory Board Members.

Additionally, in the event that the Audit & Supervisory Board 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 agenda 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 Audit & Supervisory Board, 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 to the President and Representative Director of the Company 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 Group Risk Compliance Committee is convened immediately to discuss and decide how the issue should be handled.
  - d. To ensure that the execution of the duties by Directors complies with the laws and regulations and the Articles of Incorporation, the Company and Group companies have put in place internal consultation points, external consultation points with external legal advisors, and the Audit & Supervisory Board Members hotline, which enables reporting directly to the Audit & Supervisory Board Members.
- (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 management of important documents including documents circulated for approval in each department. The Company has a system to ensure that Directors and Audit & Supervisory Board Members 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 has defined the

basic policy for a Business Continuity Plan (BCP) for the Group, and is drawing up a BCP for the Group and organizing a Business Continuity Management (BCM) system to achieve 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 Quarterly 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 be fully informed in order to execute 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 Group 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 Group 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 and Group companies have put in place internal consultation points, external consultation points with external legal advisors, and the Audit & Supervisory Board Members hotline,

which enables reporting directly to the Audit & Supervisory Board Members, to receive reports or consultations concerning compliance from employees and others.

(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 to the President and Representative Director of the Company 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 Audit & Supervisory Board Members and those Employees' Independence from the Directors

- a. The Audit & Supervisory Boards' regulations and the audit standards for Audit & Supervisory Board Members specify in writing and the Board of Directors has adopted a resolution to the effect that the Audit & Supervisory Board Members may request the President and Representative Director to assign employees to assist the Audit & Supervisory Board Members in carrying out their duties and that, to ensure those employees' independence from the Board of Directors, the Directors and the Audit & Supervisory Board Members are given an opportunity to confer on personnel matters concerning those employees in advance.

- (viii) Systems for Reports to the Audit & Supervisory Board Members, Including Reports to the Audit & Supervisory Board Members Made by Directors and Employees
- a. Directors and employees must promptly report to the Audit & Supervisory Board 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 and Group companies have put in place an Audit & Supervisory Board Members hotline, which enables reporting directly to the Audit & Supervisory Board Members, to receive reports or consultations concerning compliance from employees and others.
  - 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, Audit & Supervisory Board Members also participate in important meetings including the SBU Quarterly 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 Audit & Supervisory Board Members
- a. Besides (i) establishment of the Audit & Supervisory Board's regulations, audit standards for Audit & Supervisory Board Members, standards for audits of internal control systems and audit plans, and (ii) allocation of duties of Audit & Supervisory Board Members, Audit & Supervisory Board Members 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, Audit & Supervisory Board Members 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 Audit & Supervisory Board, which consists of Full Time Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members, with the aim of improving the effectiveness of audits for the Group as a whole.

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

### (i) Content of Basic Policy

#### The Corporate Value of the Group

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.

- 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 standards for business reconstruction; 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

The 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. The Group thus works to provide ample opportunities, for instance, company information meetings and financial information meetings for the president and representative director 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, its fundamental policy is that 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. The Group regards 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 the Group is 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.

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(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, 2014)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	131,403
Trade receivables	76,587
Short-term investments	4,423
Finished goods and merchandise	15,276
Work in process	23,274
Raw materials and supplies	6,463
Deferred tax assets	9,913
Other current assets	17,650
Allowance for doubtful receivables	(594)
<b>Total current assets</b>	<b>284,398</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings and structures	11,118
Amusement facilities and machines	13,816
Land	11,630
Other property, plant and equipment	15,407
<b>Total property, plant and equipment</b>	<b>51,972</b>
<b>Intangible assets</b>	<b>10,145</b>
<b>Investments and other assets</b>	
Investment securities	28,568
Net defined benefit asset	47
Deferred tax assets	11,350
Other investments and assets	19,625
Allowance for doubtful receivables	(1,015)
<b>Total investments and other assets</b>	<b>58,576</b>
<b>Total fixed assets</b>	<b>120,694</b>
<b>TOTAL ASSETS</b>	<b>405,092</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade payables	51,625
Short-term borrowings	5,501
Accounts payable-other	27,821
Accrued income taxes	8,827
Provision for directors' bonuses	1,094
Provision for losses from business restructuring	607
Provision for sales returns	1,241
Other current liabilities	23,415
<b>Total current liabilities</b>	<b>120,134</b>
<b>Long-term liabilities</b>	
Net defined benefit liability	8,062
Deferred tax liabilities for land revaluation	516
Other long-term liabilities	8,427
<b>Total long-term liabilities</b>	<b>17,006</b>
<b>TOTAL LIABILITIES</b>	<b>137,141</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
Common stock	10,000
Additional paid-in capital	52,245
Retained earnings	214,416
Treasury stock	(2,390)
<b>Total stockholders' equity</b>	<b>274,271</b>
<b>Accumulated other comprehensive income</b>	
Unrealized gains or losses on other securities, net of tax	6,226
Deferred gains or losses on hedges, net of tax	194
Land revaluation, net of tax	(5,743)
Foreign currency translation adjustments	(5,145)
Remeasurements of defined benefit plans	(2,282)
<b>Subscription rights to shares</b>	<b>44</b>
<b>Minority interests</b>	<b>385</b>
<b>TOTAL NET ASSETS</b>	<b>267,951</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>405,092</b>

**Consolidated Statements of Operations**  
(From April 1, 2013 to March 31, 2014)

		(Millions of yen)
		Amount
<b>Net sales</b>		<b>507,679</b>
<b>Cost of sales</b>		<b>316,850</b>
<b>Gross profit</b>		<b>190,829</b>
Selling, general and administrative expenses		146,156
<b>Operating income</b>		<b>44,672</b>
<b>Non-operating income</b>		3,797
Interest income	221	
Dividend income	494	
Equity in gain of affiliated companies	1,169	
Foreign exchange gain	655	
Reversal of allowance for doubtful accounts	458	
Other non-operating income	799	
<b>Non-operating expenses</b>		1,013
Interest expense	124	
Loss on investments in partnerships	383	
Provision of allowance for doubtful accounts	173	
Provision of loss on guarantees	263	
Other non-operating expenses	68	
<b>Recurring income</b>		<b>47,456</b>
<b>Extraordinary income</b>		481
Gain on negative goodwill	101	
State subsidy	93	
Gain on forgiveness of debt	200	
Other extraordinary income	86	
<b>Extraordinary loss</b>		5,178
Loss on impairment of fixed assets	2,002	
Loss on liquidation of business	984	
Provision for losses from business restructuring	559	
Other extraordinary loss	1,631	
<b>Income before income taxes and minority interests</b>		<b>42,759</b>
Corporate income, inhabitant and enterprise taxes	19,193	
Adjustment for income taxes	(1,321)	17,872
<b>Income before minority interests</b>		<b>24,887</b>
Minority interests in loss		167
<b>Net income</b>		<b>25,054</b>

**Consolidated Statement of Changes in Net Assets (From April 1, 2013 to March 31, 2014)**

(Millions of yen)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance as of April 1, 2013	10,000	52,245	199,118	(2,385)	258,979
Changes during the period					
Cash dividends			(9,891)		(9,891)
Net income			25,054		25,054
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock		0		0	0
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied				0	0
Reversal of land revaluation			134		134
Net changes in the period other than changes in stockholders' equity					
Total changes during the period	—	0	15,298	(5)	15,292
Balance as of March 31, 2014	10,000	52,245	214,416	(2,390)	274,271

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests	Total net assets
	Unrealized gains or losses on other securities, net of tax	Deferred gains or losses on hedges, net of tax	Land revaluation, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2013	5,212	642	(5,608)	(12,194)	—	(11,948)	—	1,738	248,769
Changes during the period									
Cash dividends									(9,891)
Net income									25,054
Purchase of treasury stock									(6)
Disposal of treasury stock									0
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied									0
Reversal of land revaluation			(134)			(134)			—
Net changes in the period other than changes in stockholders' equity	1,014	(447)	—	7,049	(2,282)	5,333	44	(1,353)	4,024
Total changes during the period	1,014	(447)	(134)	7,049	(2,282)	5,198	44	(1,353)	19,181
Balance as of March 31, 2014	6,226	194	(5,743)	(5,145)	(2,282)	(6,749)	44	385	267,951

## 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:

66 companies

###### (ii) Names of Principal Consolidated Subsidiaries:

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

NAMCO Holdings UK LTD. has changed its trade name to BANDAI NAMCO Holdings UK LTD.

###### (iii) Changes in the Scope of Consolidation

Due to the additional acquisition of shares of Sun-Star Stationery Co., Ltd., to which the equity method was applied in the fiscal year ended March 31, 2013, it became a subsidiary and has been included in the scope of consolidation for this consolidated fiscal year.

Due to being merged into a consolidated subsidiary of the Company by an absorption-type merger, BANDAI ENTERTAINMENT INC. and NAMCO BANDAI Partners Italia S.p.A., which were consolidated subsidiaries in the fiscal year ended March 31, 2013, have been excluded from the scope of consolidation.

Since BANDAI ASIA CO., LTD., NAMCO BANDAI Partners Brazil Ltda., NAMCO BANDAI Partners Benelux B.V. were liquidated, those companies have been 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:

Non-consolidated subsidiaries have been excluded from the scope of consolidation. As the scale of the business conducted by each of those companies is small and 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:

6 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.

#### (iii) Changes in Affiliated Companies to Which the Equity Method Was Applied

Due to the additional acquisition of shares of Sun-Star Stationery Co., Ltd., it became a subsidiary and was therefore removed from the scope of companies to which the equity method was applied.

### (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 fiscal year of that company are used.

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

The fiscal year closing dates for BANDAI (GUANGZHOU) CO., LTD. and BANDAI (SHENZHEN) CO., LTD. are December 31, and their financial data as of their respective closing dates are used. The fiscal year closing date for Sun-Star Stationery Co., Ltd is June 30 and its financial data is based on a provisional closing as of December 31 pursuant to procedures for the fiscal year-end closing.

Necessary adjustments on a consolidated basis are made when transactions of material importance occur between the reported closing date and the consolidated closing date.

From this consolidated fiscal year, the closing date has been changed to March 31 for BANDAI (H.K.) CO., LTD. and four other companies whose closing date had been December 31. In connection with those changes, the number of months included in this consolidated fiscal year for each of those companies is 15 months.



#### 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.

(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.

(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 and currency option 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

(i) Method of accounting for retirement benefits

a. Method of attributing expected retirement benefits to periods

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligations attributed to the period up to the end of this consolidated fiscal year.

b. Method of recognizing actuarial gains and losses and past service costs

The entire amount of past service costs is recognized in gain or loss in the fiscal year during which it arises, and is amortized on a straight-line basis over a period (10 years), which is within the average remaining years of service of the eligible employees.

Actuarial gains and losses are recognized in gain or loss in the year following the year

in which a respective gain or loss arises, and are amortized proportionally on a straight-line basis over a certain period (9 to 19 years) that is within the average remaining period of service of the eligible employees.

(ii) Accounting treatment of consumption tax:

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

(iii) Application of consolidated taxation system:

The Company has applied the consolidated taxation system.

## II. Notes to Changes in Accounting Policy

### (Application of Accounting Standard for Retirement Benefits)

Effective from the year ended March 31, 2014, the Company and its consolidated domestic subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012 (hereinafter, the “Statement No. 26”)) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 (hereinafter, the “Guidance No. 25”)) except the article 35 of the Statement No. 26 and the article 67 of the Guidance No. 25 and actuarial gains and losses and past service costs that are yet to be recognized have been recognized and the difference between retirement benefit obligations and plan assets has been recognized as net defined benefit asset and net defined benefit liability.

In accordance with the article 37 of the Statement No. 26, the effect of the change in accounting policies arising from initial application has been recognized in remeasurements of defined benefit plans in accumulated other comprehensive income.

As a result of the application, net defined benefit asset of 47 million yen and net defined benefit liability of 8,062 million yen have been recognized, deferred tax assets has increased by 1,183 million yen and accumulated other comprehensive income has decreased by 2,282 million yen, at the end of the current fiscal year.

## III. Notes to Changes in Method of Presentation

### (Consolidated Balance Sheet)

“Long-term borrowings” (the balance of which at the end of this consolidated fiscal year is 3,589 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other long-term liabilities” under “Long-term liabilities” since it is at or below 1 percent of the total liabilities and net assets.

### (Consolidated Statements of Operations)

- (1) “Reversal of allowance for doubtful accounts,” which had been included in “Other non-operating income” under “Non-operating income” until the previous consolidated fiscal year, is stated separately since it is above 10 percent of the total non-operating income for this consolidated fiscal year. The total of “Reversal of allowance for doubtful accounts” for the previous consolidated fiscal year was 107 million yen.
- (2) “Gain on sales of fixed assets” (the balance of which at the end of this consolidated fiscal year is 46 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other extraordinary income” under “Extraordinary income” since it is at or below 10 percent of the total extraordinary income.
- (3) “Loss on sales of fixed assets” (the balance of which at the end of this consolidated fiscal year is 23 million yen), which had been stated separately until the previous consolidated

fiscal year, is included in “Other extraordinary loss” under “Extraordinary loss” since it is at or below 10 percent of the total extraordinary loss.

- (4) “Loss on disposal of fixed assets” (the balance of which at the end of this consolidated fiscal year is 154 million yen), which had been stated separately until the previous consolidated fiscal year, is included in “Other extraordinary loss” under “Extraordinary loss” since it is at or below 10 percent of the total extraordinary loss.
- (5) “Loss on liquidation of business,” 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. The total of “Loss on liquidation of business” for the previous consolidated fiscal year was 0 million yen.

#### IV. Notes to Consolidated Balance Sheet

##### 1. Assets pledged as collateral and debts on collateral

###### (1) Assets pledged as collateral

Trade receivables	¥30 million
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###### (2) Debts on collateral

Short-term borrowings	¥16 million
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<u>Other long-term liabilities (Long-term borrowings)</u>	<u>¥33 million</u>
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Total	¥50 million
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2. Amount of Accumulated Depreciation of Property, Plant and Equipment: ¥145,725 million

##### 3. Guarantee Obligation:

- (1) The Company has guarantee obligations concerning borrowings from financial institutions by companies other than consolidated companies.

ISHIMORI PRODUCTION INC.	¥190 million
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<u>Theater Company HIKOSEN</u>	<u>¥65 million</u>
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Total	¥255 million
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- (2) The Company has guarantee obligations concerning obligations in leasing contracts of companies other than consolidated companies.

BANDAI LOGIPAL AMERICA, INC.	¥67 million
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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 1,000 million yen.

V. 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 24, 2013 Ordinary General Meeting of Shareholders	Common stock	7,253	33	March 31, 2013	June 25, 2013
November 6, 2013, Board of Directors Meeting	Common stock	2,637	12	September 30, 2013	December 9, 2013

(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 23, 2014, Ordinary General Meeting of Shareholders	Common stock	5,055	Retained earnings	23	March 31, 2014	June 24, 2014

3. Type and Number of Shares to be Issued upon the Exercise of Subscription Rights to Shares  
(excluding those whose exercise period has not yet commenced) as of March 31, 2014

Common stock	36,100 shares
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## VI. 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 and currency option contracts. 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, 2014, 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	131,403	131,403	—
(2) Trade receivables	76,587	76,587	—
(3) Short-term investments and investment securities			
1. Other securities	19,983	19,983	—
2. Stock of affiliated companies	8,398	10,379	1,981
Total assets	236,372	238,353	1,981
(1) Trade payables	51,625	51,625	—
(2) Short-term borrowings	5,501	5,501	—
(3) Accounts payable-other	27,821	27,821	—
(4) Accrued income taxes	8,827	8,827	—
Total liabilities	93,776	93,776	—
Derivative transactions (*)	350	350	—

(\*) 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 thus these are stated at the book value.

(3) Short-term investments and investment securities

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

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 2,466 million yen in the consolidated balance sheet), stocks of affiliated companies (unlisted stocks) (stated as 2,070 million yen in the consolidated balance sheet), and contributions to investment partnerships (stated as 72 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.”

VII. Notes Concerning Per-Share Data

1. Net assets per share:	¥1,217.74
2. Net income per share for this consolidated fiscal year:	¥114.05

## VIII. Other Notes

### 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	Assets for business use	Land etc.	Fukuoka City, Fukuoka (Note 1)	222
	Assets for business use	Buildings and structures, Other property, plant and equipment	Osaka City, Osaka, etc. (Note 2)	57
Content	Assets scheduled for disposal	Buildings and structures, Other property, plant and equipment	Shibuya-ku, Tokyo (Note 3)	20
Amusement Facility	Amusement facility	Amusement facilities and machines and other assets	Osaka City, Osaka, etc. (Note 2)	619
			Fukuoka City, Fukuoka, etc. (Note 3)	559
			Kawasaki City, Kanagawa, etc. (Note 4)	517
Other	Assets for business use	Buildings and structures, Other property, plant and equipment	Sendai City, Miyagi (Note 2)	1
Corporate (Common)	Management facilities	Other property, plant and equipment	Yokohama City, Kanagawa, etc. (Note 4)	4
Total				2,002

- (Notes) 1. Impairment loss was recorded due to a continuing fall in land prices. The recoverable amount was calculated by the net realizable value, which was assessed based on the roadside land price.
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 of zero.
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 on these assets, for which no future use is anticipated. The recoverable amount was calculated by the estimated value in use of zero.

**Non-Consolidated Balance Sheet**  
(As of March 31, 2014)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	55,296
Trade receivables	35
Prepaid expenses	263
Deferred tax assets	41
Accounts receivable-other	11,774
Other current assets	12
<b>Total current assets</b>	<b>67,424</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings	70
Structures	120
Tools, furniture and fixtures	632
Construction in progress	100
<b>Total property, plant and equipment</b>	<b>922</b>
<b>Intangible assets</b>	
Software	2,683
Other intangible assets	35
<b>Total intangible assets</b>	<b>2,718</b>
<b>Investments and other assets</b>	
Investment securities	15,461
Investments in affiliated companies	248,468
Long term prepaid expenses	19
Other investments and assets	1,322
<b>Total investments and other assets</b>	<b>265,271</b>
<b>Total fixed assets</b>	<b>268,913</b>
<b>TOTAL ASSETS</b>	<b>336,338</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Short-term borrowings from affiliated companies	73,526
Short-term borrowings	4,500
Accounts payable-other	1,927
Accrued expenses	359
Accrued income taxes	4,517
Accrued consumption taxes	37
Deposits receivables	13
Unearned revenue	121
Provision for directors' bonuses	118
Other current liabilities	4
<b>Total current liabilities</b>	<b>85,126</b>
<b>Long-term liabilities</b>	
Long-term borrowings	3,000
Deferred tax liabilities	1,073
Accrued retirement and severance benefits	21
Other long-term liabilities	55
<b>Total long-term liabilities</b>	<b>4,151</b>
<b>TOTAL LIABILITIES</b>	<b>89,278</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
<b>Common stock</b>	<b>10,000</b>
<b>Additional paid-in capital</b>	<b>174,283</b>
Capital reserve	2,500
Other capital surplus	171,783
<b>Retained earnings</b>	<b>59,460</b>
Legal reserve	1,645
Other retained earnings	57,814
General reserve	26,104
Retained earnings carried forward	31,709
<b>Treasury stock</b>	<b>(2,305)</b>
<b>Total stockholders' equity</b>	<b>241,437</b>
<b>Valuation difference and foreign currency translation adjustments</b>	
Unrealized gains or losses on other securities, net of tax	5,578
<b>Total valuation difference and foreign currency translation adjustments</b>	<b>5,578</b>
<b>Subscription rights to shares</b>	<b>44</b>
<b>TOTAL NET ASSETS</b>	<b>247,059</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>336,338</b>

**Non-Consolidated Statements of Operations**  
(From April 1, 2013 to March 31, 2014)

		(Millions of yen)
		Amount
<b>Operating revenue</b>		<b>22,383</b>
Dividend income from affiliated companies	20,326	
Business management income from affiliated companies	2,056	
<b>Operating expenses</b>		<b>2,940</b>
General and administrative expenses	2,940	
<b>Operating income</b>		<b>19,442</b>
<b>Non-operating income</b>		<b>1,714</b>
Interest income	50	
Dividend income	221	
Rent income	1,332	
Other non-operating income	109	
<b>Non-operating expenses</b>		<b>1,446</b>
Interest expense	119	
Expenses related to rental assets	1,318	
Other non-operating expenses	8	
<b>Recurring income</b>		<b>19,709</b>
<b>Extraordinary income</b>		<b>7</b>
Exchange gain on property dividends	7	
Other extraordinary income	0	
<b>Extraordinary loss</b>		<b>5</b>
Loss on disposal of fixed assets	0	
Loss on impairment of fixed assets	4	
<b>Income before income taxes</b>		<b>19,712</b>
Corporate income, inhabitant and enterprise taxes	(74)	
Adjustment for income taxes	(0)	(74)
<b>Net income</b>		<b>19,787</b>

**Non-Consolidated Statement of Changes in Net Assets (From April 1, 2013 to March 31, 2014)**

(Millions of yen)

	Stockholders' equity									
	Common stock	Additional paid-in capital			Retained earnings				Treasury stock	Total stockholders' equity
		Capital reserve	Other capital surplus	Total additional paid-in capital	Legal reserve	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings carried forward			
Balance as of April 1, 2013	10,000	2,500	171,782	174,282	1,645	26,104	21,813	49,563	(2,299)	231,547
Changes during the period										
Cash dividends							(9,891)	(9,891)		(9,891)
Net income							19,787	19,787		19,787
Purchase of treasury stock									(6)	(6)
Disposal of treasury stock			0	0					0	0
Net changes in the period other than changes in stockholders' equity										
Total changes during the period	-	-	0	0	-	-	9,896	9,896	(6)	9,890
Balance as of March 31, 2014	10,000	2,500	171,783	174,283	1,645	26,104	31,709	59,460	(2,305)	241,437

	Valuation difference and foreign currency translation adjustments		Subscription rights to shares	Total net assets
	Unrealized gains or losses on other securities, net of tax	Total valuation difference and foreign currency translation adjustments		
Balance as of April 1, 2013	4,611	4,611	-	236,159
Changes during the period				
Cash dividends				(9,891)
Net income				19,787
Purchase of treasury stock				(6)
Disposal of treasury stock				0
Net changes in the period other than changes in stockholders' equity	966	966	44	1,010
Total changes during the period	966	966	44	10,900
Balance as of March 31, 2014	5,578	5,578	44	247,059

## **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 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:

Software (used internally)	5 years
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#### (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) Other Important Information Constituting the Basis of Preparation of Non-Consolidated Financial Statements:

- (i) Accounting Treatment of Consumption Tax:  
Consumption tax is accounted for separately and is not figured into each listed item.
- (ii) Application of consolidated taxation system  
The Company has applied the consolidated taxation system.

2. Notes to Change in Method of Presentation

(Non-Consolidated Statements of Operations)

“Gain on sales of investment securities, net” (the balance of which at the end of this fiscal year is 0 million yen), which had been stated separately until the previous fiscal year, is included in “Other extraordinary income” under “Extraordinary income” since the amount is no longer of monetary importance.

3. Notes to Non-Consolidated Balance Sheet

- (1) Amount of accumulated depreciation of property, plant and equipment: ¥1,173 million
- (2) Monetary claims and obligations with respect to affiliated companies  
(excluding amounts given in specific categories)
- |  |                 |
|--|-----------------|
| Short-term monetary claims on affiliated companies:      | ¥11,768 million |
| Short-term monetary obligations to affiliated companies: | ¥1,575 million  |

4. Notes to Non-Consolidated Statements of Operations

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

Non-operating Transactions:

Non-operating income	¥1,360 million
Non-operating expenses	¥52 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	2,198,336 shares
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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
Others	¥210 million
Subtotal deferred tax assets	¥6,507 million
Valuation allowance	(¥6,451 million)
Total deferred tax assets	¥56 million

Deferred tax liabilities

Unrealized gains or losses on other securities, net of tax	(¥1,088 million)
Total gross deferred tax liabilities	(¥1,088 million)
Net deferred tax liabilities	(¥1,032 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, 2014
Subsidiary	Bandai Co., Ltd.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	18,713	Short-term borrowings from affiliated companies	25,973
				Payment of interest	13	–	–
				Amount collected due to application of consolidated taxation system	3,481	Accounts receivable-other	3,459
Subsidiary	NAMCO BANDAI Games Inc.	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	6,097	Short-term borrowings from affiliated companies	6,317
				Payment of interest	4	–	–
				Loans (Note 2)	9,500	–	–
				Receipt of interest	27	–	–
Subsidiary	NAMCO LIMITED	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 1)	7,312	Short-term borrowings from affiliated companies	5,111
				Payment of interest	5	–	–
Subsidiary	BANDAI VISUAL CO., LTD.	Holding directly 100.0%	–	Borrowings (Note 1)	5,461	Short-term borrowings from affiliated companies	6,236
				Payment of interest	3	–	–
Subsidiary	Banpresto Co., Ltd.	Holding indirectly 100.0%	–	Borrowings (Note 1)	6,271	Short-term borrowings from affiliated companies	7,084
				Payment of interest	4	–	–
Subsidiary	Sunrise Inc.	Holding directly 100.0%	–	Borrowings (Note 1)	11,963	Short-term borrowings from affiliated companies	12,294
				Payment of interest	8	–	–
Subsidiary	NAMCO BANDAI Studios Inc.	Holding indirectly 100.0%	–	Borrowings (Note 1)	5,859	Short-term borrowings from affiliated companies	5,599
				Payment of interest	4	–	–
Subsidiary	NAMCO BANDAI Online Inc.	Holding indirectly 100.0%	–	Borrowings (Note 1)	4,248	Short-term borrowings from affiliated companies	4,909
				Payment of interest	0	–	–

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: ¥1,123.81  
 Net income per share: ¥90.02

## **Independent Auditor's Report**

May 19, 2014

The Board of Directors  
NAMCO BANDAI Holdings Inc.

KPMG AZSA LLC

Toshihiro Otsuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroo Iwaide (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Terukazu Nagamine (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, 2014 and for the year from April 1, 2013 to March 31, 2014 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 judgment, 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 19, 2014

The Board of Directors  
NAMCO BANDAI Holdings Inc.

KPMG AZSA LLC

Toshihiro Otsuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroo Iwaide (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Terukazu Nagamine (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, 2014 and for the year from April 1, 2013 to March 31, 2014 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 non-consolidated 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 non-consolidated 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 non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated 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 non-consolidated 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.

## **Audit & Supervisory Board's Report**

### **Audit Report**

We, the Audit & Supervisory Board, prepared this audit report, as a unanimous opinion of all members of the Audit & Supervisory Board, on the execution of duties by Directors during the 9th fiscal year from April 1, 2013 to March 31, 2014, based on audit reports prepared by each Audit & Supervisory Board Member.

#### **1. Method and Content of Audits by Audit & Supervisory Board Members and the Audit & Supervisory Board**

We devised the 9th auditing plan (auditing policies, duties assigned to each Audit & Supervisory Board Member and auditing methods), received reports on the progress on, and results of, audits from each Audit & Supervisory Board Member, as well as reports on the execution of their duties from Directors, etc. and the Accounting Auditor, and requested explanations as necessary.

Each Audit & Supervisory Board Member communicated with the Directors, the internal auditing division, and other employees, etc., in accordance with the internal regulations established by the Audit & Supervisory Board, such as Audit & Supervisory Board's regulations, Audit & Supervisory Board Members' 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. 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 Audit & Supervisory Board Members, 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.
- (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 19, 2014

Audit & Supervisory Board NAMCO BANDAI Holdings Inc. Standing Audit & Supervisory Board Member	Koichiro Honma	(Seal)
Standing Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Katsuhiko Kohtari	(Seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Osamu Sudoh	(Seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Kouji Yanase	(Seal)

END