

# NAMCO BANDAI Holdings Inc.

Notice of the Sixth Ordinary General Meeting of Shareholders to be  
held on June 20, 2011

An English translation of the original notice in Japanese

## DISCLAIMER

The following is an English translation of the Japanese original “Notice of the Sixth Ordinary General Meeting of Shareholders of NAMCO BANDAI Holdings Inc.” which meeting is to be held on June 20, 2011. The Company provides this translation for your reference and convenience only and does not guarantee its accuracy or otherwise. In the event of any discrepancies, the Japanese original notice shall prevail.

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

Securities code: 7832  
May 30, 2011

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

Dear Shareholders,

## NOTICE OF THE SIXTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Sixth 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 18, 2011.

### **Meeting Details**

- 1. Date and Time:** June 20, 2011 (Monday) at 10:00 a.m.
- 2. Place:** “Hiten,” Grand Prince Hotel New Takanawa  
3-13-1 Takanawa, Minato-ku, Tokyo
- 3. Purpose of the Meeting:**

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

1. Report on the Contents of the Business Reports, the Consolidated Financial Statements and the Results of the Auditing of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors for the Sixth Fiscal Year (from April 1, 2010 to March 31, 2011)
2. Report on the Contents of the Non-Consolidated Financial Statements for the Sixth Fiscal Year (from April 1, 2010 to March 31, 2011)

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

- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Election of Nine (9) Directors

**Exercise of Voting Rights via Postal Mail:**

Please indicate, on the enclosed Voting Rights Exercise Form, your approval or disapproval of each item on the agenda and return the completed form so that it arrives by the deadline stated on the preceding page.

**Exercise of Voting Rights via the Internet:**

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

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

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

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

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If you attend the meeting in person, please hand in the enclosed Voting Rights Exercise Form at the reception desk at the place of the shareholders' meeting.

If revisions to the contents of the "Reference Documents for the General Meeting of Shareholders," the "Business Reports," the "Non-Consolidated Financial Statements" and the "Consolidated Financial Statements" are required, the Company shall publish a notification on the Company website at the following URL:

(<http://www.bandainamco.co.jp/ir/stock/meeting/index.html>).

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

- Up until last year, refreshments were served at the shareholders' reception after the meeting, but in consideration of factors such as current social circumstances, the Company will no longer provide refreshments from this year forth. Thank you for your understanding.

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

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

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

Transfer Agent Department (Help Desk)  
Mitsubishi UFJ Trust and Banking Corporation  
Phone: 0120-173-027 (9:00 to 21:00 (Japan Time); toll free only within Japan)

(Attached Document)

## **BUSINESS REPORTS**

*(From April 1, 2010 to March 31, 2011)*

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

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

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

In this fiscal year, signs of a mild recovery were overtaken by the sudden rise in the yen and soaring oil prices in conjunction with the increasingly tense situation in the Middle East. The economy thus continued to be largely stagnant. The impact of the Great East Japan Earthquake, which struck on March 11, 2011, has added further uncertainty to the outlook for the entertainment industry.

In such environment, the BANDAI NAMCO Group (“the Group”) pressed ahead with the development of its global management foundation based on the three-year Mid-term Business Plan that started in April 2009, and sought to realize its medium- to long-term Group vision of becoming a “Globally Recognized Entertainment Group.” Moreover, the Group commenced the “BANDAI NAMCO Group Restart Plan” in April 2010, for the purpose of a more assured implementation of this global management foundation, and it carried out steps to transform itself into a speedy Group, improve its profitability and strengthen its financial standing.

On the business front, the domestic long-established character toys and card products posted strong performances in the Toys and Hobby Business. In addition, the Group benefitted from certain achievements, particularly in the Content Business and the Amusement Facility Business, through a range of measures being implemented according to the Restart Plan.

Consequently, the Group’s consolidated results at fiscal year-end were net sales of 394,178 million yen (year-on-year increase of 4.1%), operating income of 16,338 million yen (year-on-year increase of 767.3%), and recurring income of 16,399 million yen (year-on-year increase of 759.6%). Moreover, in addition to extraordinary loss on valuation of investment securities and adjustment for changes of accounting standards for asset retirement obligations, the Group recorded extraordinary loss (472 million yen) related to damage suffered, mainly at its amusement facilities, in the Great East Japan Earthquake. In spite of a deepening deficit of certain subsidiaries, mostly sales companies overseas, there was also an increase in the payment of income taxes from the initial forecast mainly due to increased profits from subsidiaries in Japan. As a result, the Group recorded net income of 1,848 million yen (compared with net loss of 29,928 million yen in the previous fiscal year).

## (ii) Outline of Business by Business Segment

(Millions of yen)

Business Segment	Net Sales			Operating Income (Loss)		
	Year Ended March 31, 2011	Year Ended March 31, 2010	Change	Year Ended March 31, 2011	Year Ended March 31, 2010	Change
Toys and Hobby	158,374	148,843	Increase of 9,531	13,812	10,786	Increase of 3,026
Content	179,917	167,471	Increase of 12,446	3,092	(7,760)	Increase of 10,852
Amusement Facility	62,337	65,362	Decrease of 3,025	1,778	284	Increase of 1,494
Other	18,503	15,790	Increase of 2,713	810	322	Increase of 488
Eliminations and Corporate	(24,953)	(18,921)	Decrease of 6,032	(3,156)	(1,749)	Decrease of 1,407
Consolidated	394,178	378,547	Increase of 15,631	16,338	1,883	Increase of 14,455

(Note) In this fiscal year, the Game Contents Business, the Visual and Music Content Business, and a part of Other Businesses were integrated into the Content Business. Thus, figures of those businesses for the previous fiscal year are allocated to the figures of the integrated Business, shown above in this fiscal year.

Toys and Hobby Business

In the Toys and Hobby Business, sales of the domestic long-established character toys, particularly the *KAMEN RIDER OOO* (pronounced “O’s”) and *HEART CATCH PRETTY CURE!*, trended quite strongly. In addition, *GOKAIGER*, the new member of the Super Sentai series (*Power Rangers series*), launched in February, 2011, has made a strong start. Digital card games such as *DRAGON BALL HEROES* and *PRO BASEBALL OWNERS LEAGUE* card game, which connects with the online game, also performed well, making a significant contribution to this business’s performance. Candy toys, children’s clothing, and other peripheral toy categories also reported improved performance due to developing product tie-ups in each category around popular characters in the *KAMEN RIDER* and other series.

Overseas in North America and Europe, facing a struggling performance from the Power Rangers series due to a decline in the frequency of TV broadcasts, the Group started to expand into new categories and content in the aim of achieving growth in the medium- to long-term. However, performance did not reach the level of the previous fiscal year, which enjoyed strong performance from *BENIO*.

As a result, net sales in the Toys and Hobby Business were 158,374 million yen (year-on-year increase of 6.4%), and operating income was 13,812 million yen (year-on-year increase of 28.1%).

Content Business

In the Content Business, *Naruto Shippuden: Ultimate Ninja Storm 2*, a home video game title for the PS3 and Xbox 360, achieved over a million sold worldwide. In domestic sales, speedier response to changing customer preferences made such titles as *GOD EATER BURST* and *AKB1/48 Idol to Koishitara...*, which are games for the PlayStation Portable, hugely popular. The performance of new titles developed towards creating new franchises, however, fell below expectations, particularly overseas.

In the arcade machines area, *Mobile Suit Gundam Extreme VS.* and prizes for amusement based on popular characters such as *ONE PIECE* trended favorably.

In the visual and music content area, in addition to the strong package sales of *Mobile Suit*

*Gundam UC (Unicorn)*, selecting and focusing on popular titles has led to improved profitability.

In the network content area, the number of monthly subscribers to existing services has declined, but *GUNDAM ROYALE* for SNS (social networking services), for which service provision began in December, 2010, has made a strong start.

With impairment of goodwill related to some subsidiaries in the previous fiscal year, total amortization of goodwill declined relative to the previous fiscal year, while the implementation of measures to improve efficiency has reduced fixed costs.

As a result, net sales in the Content Business were 179,917 million yen (year-on-year increase of 7.4%), and operating income was 3,092 million yen (compared with operating loss of 7,760 million yen in the previous fiscal year).

#### Amusement Facility Business

In the Amusement Facility Business, amid a perception that this business has bottomed out in the domestic market, we have carried out the sales strategy to accommodate each specific customer need. Our facilities, having differentiated themselves by being able to offer the experience of the distinctive worldviews of such characters as *Ultraman*, *KAMEN RIDER*, and *Tamagotchi*, performed well. While this business's facilities did suffer some damage in the Great East Japan Earthquake in March, 2011, existing domestic amusement facilities' net sales for the year rose to 101.0% of the previous fiscal year total.

In the challenging environment presented by countries outside Japan, performance continued to be sluggish in the European region, but measures to improve efficiency implemented in the North American region in the previous fiscal year have borne fruit, with improved profitability.

As a result, net sales in the Amusement Facility Business were 62,337 million yen (year-on-year decrease of 4.6%), and operating income was 1,778 million yen (year-on-year increase of 524.4%).

#### Number of Facilities

Directly Managed Facilities	Revenue-Sharing Facilities	Others	Total
268	831	3	1,102

#### Other Businesses

Other Businesses consist of companies that conduct operations, such as logistics support and building management for each of the Group's strategic business units. During this fiscal year, efforts were made to improve the efficiency of these operations related to group support.

As a result, net sales in the Other Businesses were 18,503 million yen (year-on-year increase of 17.2%), and operating income was 810 million yen (year-on-year increase of 151.0%).

#### (iii) Capital Expenditures

In this fiscal year, the Group carried out 10,768 million yen in capital expenditures; the funds were primarily used for investments in the manufacturing of molds associated with the development of new products and in amusement facilities and machines.

#### (iv) Fundraising

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

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

On April 9, 2010, NAMCO TRADING, LTD., a subsidiary of the Company, transferred its vending machine business to Tokyo Coca-Cola Bottling Co., Ltd.

(vi) Acquisitions of Other Companies' Businesses

Not applicable.

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

On April 1, 2010, subsidiaries of the Company carried out an absorption-type merger in which subsidiaries D3 Inc., D3 Publisher Inc., and Entertainment Software Publishing, Inc. merged and D3 Inc. was the surviving company. D3 Inc. then changed its trade name to D3 Publisher Inc.

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

As of November 29, 2010, Bowling Station S.L.U. ceased to be a subsidiary upon sale by NAMCO OPERATIONS EUROPE LTD., a subsidiary of the Company, of all its holdings of that company's stock.

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

Fiscal Year Classification	3rd Fiscal Year (Year Ended March 31, 2008)	4th Fiscal Year (Year Ended March 31, 2009)	5th Fiscal Year (Year Ended March 31, 2010)	6th Fiscal Year (This Fiscal Year) (Year Ended March 31, 2011)
Net sales (Millions of yen)	460,473	426,399	378,547	394,178
Recurring income (Millions of yen)	36,198	24,513	1,907	16,399
Net income (loss) (Millions of yen)	32,679	11,830	(29,928)	1,848
Net income (loss) per share	¥128.65	¥47.95	(¥123.98)	¥7.71
Total assets (Millions of yen)	413,023	363,444	325,935	308,269
Net assets (Millions of yen)	289,944	260,579	229,012	213,693
Net assets per share	¥1,127.72	¥1,067.71	¥938.74	¥896.83



### (3) Important Parent Company and Subsidiaries

#### (i) Relationship with the Parent Company

Not applicable.

#### (ii) Important Subsidiaries

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

#### (4) Issues to be Addressed

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

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

Furthermore, with respect to the new issue of the economic impact of the Great East Japan Earthquake, the Group is implementing support for the speedy recovery of the affected region and is carrying out operations in response to the electric power shortages.

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

Efforts Toward Domestic Business Expansion

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

Efforts Toward Overseas Business Expansion

Based on the strategies laid out in the Mid-term Business Plan, the Group will proactively invest in ways that are directed at medium- to long-term growth in the European and North American markets. In particular, it will strengthen its content line-up, broaden business categories, and expand regions with a view to expanding overseas operations.

Efforts Toward Changing the Content Strategy

The Group is reinforcing its content creation, acquisition, development, and utilization functions in order to respond to changes in the environment, including the development of oligopolies in the distribution and media fields and the widespread penetration of networks. Specifically, the Content Business Strategy Meeting, which crosscuts the entire Group, focuses on maximizing the value of each content asset, and aims for more vigorous creation and acquisition of new content.

Efforts Toward CSR (Corporate Social Responsibility)

The Group’s corporate philosophy is to continue to provide “Dreams, Fun and Inspiration” to people around the world, through entertainment based on creativity and boundless enthusiasm. To ensure that we can continue to provide “Dreams, Fun and Inspiration,” we have formulated the CSR initiatives, which are crosscutting the Group and that include three types of responsibilities: environmental and social contribution responsibilities, economic responsibilities, and legal and ethical responsibilities. In accordance with these fundamental principles, a range of measures is being implemented by the Group CSR Committee and its sub-committee, the Group CSR Subcommittee, as well as by the Group Risk Compliance Committee, the Group Information Security Committee, and the Internal Control Committee.

## (ii) Issues Specific to Each SBU

### Toys and Hobby SBU

This unit's industry is facing issues, such as a "shrinking domestic market due to the falling birthrate" and "increasingly diverse consumer needs." This unit is addressing these issues by aiming for the overwhelming position of No. 1 in Japan, expanding its target population segment, and creating new businesses, as well as, in the overseas market, improving profitability by strengthening existing operations, growing content line-up, and expanding business categories and regions, with a view to achieving medium- to long-term growth. For the purpose of a more efficient and effective implementation of these actions, this unit will actively devote managerial resources, especially in North America and Europe, with a view to building cooperative relationships with external partners.

### Content SBU

This unit's industry is facing issues, such as the "diversification of both platforms and customer needs." The Group will review development based on its existing business categories and promote business strategies revolving around content, thereby achieving speedy response to changing customer preferences throughout the world. This SBU's Production Group, which is responsible for the creation and acquisition of content, will, as an aggregator of smaller organizations, respond rapidly to changing customer preferences through transfer of its authority. With Japan-based leadership in development, the Content SBU will roll out carefully selected home video game software worldwide, develop content and other products for a wide range of outlets, including arcade game machines and SNS (social networking services), to maximize the value of its content.

### 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, by using its know-how in character merchandizing, especially in its domestic operations, this unit will drive the operation of more differentiated facilities and provision of services with the added value that only the Group can offer. In addition, this unit will carry out the selection and concentration of operations, in Japan and overseas, on an ongoing basis.

We ask for our shareholders' further assistance and guidance.

(5) Description of the Principal Businesses

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

(Note) The Game Contents Business, the Visual and Music Content Business, and a part of Other Businesses were integrated into the Content Business on April 1, 2010.

(6) Principal Business Offices of the Group

(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
NAMCO Holdings UK LTD.	London, U.K.
BANDAI (H.K.) CO., LTD.	Kowloon, Hong Kong

(7) Outline of Employees

(i) Employees of the Group

Business Segment	Number of Employees		Change from the End of Previous Fiscal Year	
Toys and Hobby Business	2,119	(1,527)	Increase of 68	(Increase of 163)
Content Business	3,086	(363)	Decrease of 473	(Increase of 28)
Amusement Facility Business	1,093	(3,944)	Decrease of 97	(Decrease of 799)
Other Businesses	475	(306)	Decrease of 16	(Decrease of 8)
Corporate (Common)	302	(46)	Increase of 41	(Increase of 11)
Total	7,075	(6,186)	Decrease of 477	(Decrease of 605)

- (Notes)
1. The number of employees refers to the employees actually at work.
  2. The average numbers of temporary personnel employed for this fiscal year are presented separately in parentheses.
  3. The number of employees listed for “Corporate (Common)” is the number of employees in the administration sector, etc. of the Company, NAMCO BANDAI Holdings (USA) Inc., and NAMCO Holdings UK Ltd.
  4. The Game Contents Business, the Visual and Music Content Business, and a part of the Other Businesses were integrated into the Content Business on April 1, 2010. Thus, the figures of those businesses for the previous fiscal year are allocated to the figures of the integrated Business, shown above in this fiscal year, in order to present the change from the end of the previous fiscal year.

(ii) Employees of the Company

Number of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Service
292 (42)	Increase of 38 (increase of 7)	38.7	12.6

- (Notes)
1. The number of employees refers to the employees actually at work.
  2. The average number of temporary personnel employed for this fiscal year is presented separately in parentheses.
  3. In calculating the average years of service, with respect to the employees who have transferred from other Group companies, including Bandai Co., Ltd. and NAMCO BANDAI Games Inc., to the Company, the aggregate number of each employee’s years of service at each company is used for calculation.
  4. With establishment of the Operational Support Project on April 1, 2010, to support and carry out the clerical works and indirect operations for the business divisions and departments at NAMCO BANDAI Games Inc., the number of employees has increased.

(8) Principal Lenders

Lenders	Amount
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥1,762 million
Sumitomo Mitsui Banking Corporation	¥1,333 million
Mitsubishi UFJ Trust and Banking Corporation	¥333 million

(9) Other Important Matters of the Group

Not applicable.

## 2. Current Status of the Company

### (1) Status of Shares

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

(ii) Total Number of Issued Shares: 240,000,000 shares

Note: Due to the retirement of treasury stock carried out on March 7, 2011, the total number of issued shares declined by 10,000,000 shares from the end of the previous fiscal year.

(iii) Number of Shareholders: 39,513

(decrease of 264 from the end of the previous fiscal year)

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

Name of Shareholders	Number of Shares Held	Shareholding Ratio
Northern Trust Co (AVFC) Sub A/C American Client	23,049,200	9.74
MAL Ltd.	12,010,100	5.08
Masaya Nakamura	11,960,000	5.05
Northern Trust Co AVFC Re U.S. Tax Exempted Pension Funds	11,822,400	5.00
Japan Trustee Services Bank, Ltd. (Trust account)	9,921,500	4.19
The Master Trust Bank of Japan Ltd. (Trust account)	9,823,700	4.15
The Silchester International Investors International Value Equity Trust	8,208,300	3.47
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account)	4,586,100	1.94
Nintendo Co., Ltd.	3,845,700	1.63
Mellon Bank N.A. as Agent for its Client Mellon Omnibus US Pension	3,670,517	1.55

(Notes) 1. The shareholding ratio is calculated after reduction of the number of treasury stocks (3,384,653 shares).

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

Japan Trustee Services Bank, Ltd. (Trust account) 9,504,500 shares

The Master Trust Bank of Japan, Ltd. (Trust account) 7,580,000 shares

The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account) 4,586,100 shares

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

(2) Stock Subscription Rights, etc.

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

Not applicable

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

Not applicable.

(3) Directors and Corporate Auditors of the Company

- (i) Directors and Corporate Auditors

Title	Name	Responsibilities in the Company and Major Concurrent Positions
Chairman and Director	Takeo Takasu	Chairman of the Japan Toy Association
President and Representative Director	Shukuo Ishikawa	President and Representative Director of NAMCO BANDAI Games Inc.
Director	Shuji Ohtsu	Responsible for Overseas Operations, the Group Administrative Headquarters, and the Internal Auditing Division
Director	Yuji Asako	Responsible for Corporate Planning and Division General Manager of the Corporate Planning Division
Director	Kazunori Ueno	Responsible for the Toys and Hobby SBU and President and Representative Director of Bandai Co., Ltd.
Director	Masahiro Tachibana	Responsible for the Amusement Facility SBU and President and Representative Director of NAMCO LIMITED
Director	Masatake Yone	Attorney-at-Law Partner in Mori Hamada & Matsumoto Law Firm Outside Director of GCA Savvian Corporation Outside Corporate Auditor of THK CO., LTD.
Director	Kazuo Ichijo	Professor in the Graduate School of International Corporate Strategy, Hitotsubashi University Outside Director of Shimano, Inc. Outside Director of Calbee Foods Co., Ltd. Outside Corporate Auditor of Information Services International-Dentsu, Ltd. Outside Director of STUDIO ALICE CO., LTD
Director	Manabu Tazaki	
Full Time Corporate Auditor	Koichiro Honma	
Full Time Corporate Auditor	Katsuhiko Kohtari	Certified Public Accountant
Corporate Auditor	Osamu Sudoh	Attorney-at-Law Partner in Sudoh & Takai Law Offices
Corporate Auditor	Kouji Yanase	Outside Director of Rakuten Bank, Ltd. Attorney-at-Law. Partner in Marunouchi-Chuo Law Office

- (Notes) 1. Directors Masatake Yone, Kazuo Ichijo and Manabu Tazaki are Outside Directors.
2. Full Time Corporate Auditor Katsuhiko Kohtari, Corporate Auditors Osamu Sudoh and Kouji Yanase are Outside Corporate Auditors.
  3. Full Time Corporate Auditor Katsuhiko Kohtari is a certified public accountant and has considerable knowledge of finance and accounting.
  4. Corporate Auditor Osamu Sudoh has considerable experience with bankruptcy issues as an attorney-at-law and has the deep knowledge of finance and accounting necessary to engage in such bankruptcy issues.
  5. The Company has appointed Director Kazuo Ichijo as an Independent Director/Auditor as defined in the rules of the Tokyo Stock Exchange and filed the notification regarding his appointment thereto.

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

Not applicable.

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

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

	Number of People	Amount of Remuneration, etc.
Directors	9	¥328 million
(Outside Directors)	(3)	(¥45 million)
Corporate Auditors	5	¥67 million
(Outside Corporate Auditors)	(3)	(¥38 million)
Total	14	¥395 million
(Outside Directors and Outside Corporate Auditors)	(6)	(¥83 million)

- (Notes) 1. There are no employees serving as Directors.
2. At the 1st Ordinary General Meeting of Shareholders held on June 26, 2006, the remuneration limit for Directors was set at 700 million yen per fiscal year, of which 350 million yen was set as the limit for base remuneration and the remaining 350 million yen was set as the limit for cash bonus.
  3. At the Ordinary General Meetings of Shareholders for Bandai Co., Ltd. and NAMCO LIMITED (currently NAMCO BANDAI Games Inc.) held on June 23, 2005 and on June 25, 2005 respectively, it was resolved that the total amount of remuneration for Corporate Auditors shall be no more than 8 million yen per month.

(iv) Matters Concerning Outside Directors and Outside Corporate Auditors

- a. Status of Major Concurrent Posts of Other Companies, etc. and Relationships Between Those Companies, etc. and the Company  
Major concurrent posts of Outside Directors and Outside Corporate Auditors are as stated in (i) Directors and Corporate Auditors on page 15.  
Moreover, there are no special interests between the Company and the entities with which Outside Directors and Outside Corporate Auditors have concurrent posts.



b. Main Activities in This Fiscal Year

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

	Board of Directors Meetings (Held 18 times)		Board of Corporate Auditors Meetings (Held 13 times)	
	Number of Meetings Attended	Attendance Rate	Number of Meetings Attended	Attendance Rate
Director Masatake Yone	16	88.9%	-	-
Director Kazuo Ichijo	13	72.2%	-	-
Director Manabu Tazaki	17	94.4%	-	-
Corporate Auditor Katsuhiko Kohtari	14	100.0% (Note)	7	100.0% (Note)
Corporate Auditor Osamu Sudoh	16	88.9%	13	100.0%
Corporate Auditor Kouji Yanase	17	94.4%	13	100.0%

(Note) Corporate Auditor Katsuhiko Kohtari was elected at the 5th Ordinary General Meeting of Shareholders held on June 21, 2010, and, thus, the number of Board of Directors Meetings and Board of Corporate Auditors Meeting on which his attendance rate is based differs from that of the other Outside Directors and Outside Corporate Auditors. There have been 14 Board of Directors Meetings and 7 Board of Corporate Auditors Meetings since he assumed the office of Corporate Auditor.

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

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

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

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

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

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

c. Summary of Contracts Concerning Limited Liability

Not applicable.

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

Not applicable.

(4) Accounting Auditors

- (i) Name: KPMG AZSA LLC
- (ii) Amount of Remuneration, etc.

	Amount of Remuneration, etc.
Amount of Remuneration, etc. for Accounting Auditors for This Fiscal Year	¥68 million
Total in Money and Other Financial Benefits to Be Paid by the Company and Its Subsidiaries to Accounting Auditors	¥235 million

- (Notes) 1. NAMCO BANDAI Holding (USA) Inc., BANDAI S.A., NAMCO Holdings UK LTD., and BANDAI (H.K.) CO., LTD., among major subsidiaries of the Company, are audited (within the meaning of being audited as required by the Companies Act and Financial Instruments and Exchange Act or the equivalent laws and regulations in other countries) by audit firms (including entities overseas with qualifications equivalent to those of a Japanese audit firm) other than the Company's Accounting Auditor.
2. Under the audit agreement between the Company and its Accounting Auditor, there is no clear distinction between the total amount of remuneration, etc., for audits under the Companies Act and that under the Financial Instruments and Exchange Act; furthermore, it is practically impossible to make such distinction. Therefore, the amount of remuneration, etc. for this fiscal year described above is the total amount of remuneration, etc. for these audits.

(iii) Non-Auditing Operations

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

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

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

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

Under these circumstances, the Board of Directors will be responsible for proposing such 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 Board of Corporate Auditors, present the proposal for removal or non-renewal of such Accounting Auditor at a General Meeting of Shareholders, as prescribed in Article 344, Paragraph 1 of the Companies Act.

(v) Summary of Contracts Concerning Limited Liability

Not applicable.

(5) Systems for Ensuring the Properness of Operations

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

- (i) Systems to Ensure that the Execution of the Duties by Directors Is in Compliance with the Laws and Regulations and the Articles of Incorporation
  - a. The Group has established the Group's Corporate Philosophy, the Group Compliance Charter, and the BANDAI NAMCO Group Rules for Executives so that the Directors of the Group companies shall always exercise care in carrying out their duties fairly and in accordance with the law. The president of each Group company has submitted declarations of intent to comply with the Group Compliance Charter.
  - b. The Group has established regulations concerning compliance as a part of Group management. The Group as a whole has a system to ensure that compliance with laws and regulations, respect for ethical principles and compliance with company regulations are implemented appropriately.
  - c. The relevant Director is put in charge of compliance and is responsible for supervision of compliance overall. Should violations of compliance or suspicions thereof occur within the Group, the Risk Compliance Committee is convened immediately to discuss and decide how the issue should be handled.
  - d. Along with the establishment of the regulations concerning compliance, the Company has put in place the Corporate Auditors hotline by means of which, in case of violations of laws or regulations or suspicions thereof, such can be reported directly to the Corporate Auditors.
- (ii) Systems for Preserving and Managing Information Related to Directors' Execution of Their Duties
  - a. The Company has established regulations concerning information security as a part of Group management. These regulations provide for a system to ensure appropriate safekeeping and preservation of information.
  - b. The Company has established regulations concerning document management and ensures (i) the centralized collection and management of minutes of several kinds of meetings, contracts and other documents, and (ii) appropriate safekeeping and managing approval documents and other important documents in each department. The Company has a system to ensure that Directors may peruse those documents at any time.
- (iii) Regulations Concerning Management for Risk of Loss and Other Systems
  - a. The Company has established regulations concerning risk management and compliance as a part of Group management. Throughout the Group, we are working to prevent risk and to discover factors creating risk as rapidly as possible, and aiming to minimize the impact of risk on our business by responding to risk quickly and in an appropriate manner when risk arises.

- b. The Company has put a group emergency contact network in place and ensured that should information concerning risk, including violations of laws and regulations, develop, it is reported immediately to the Company's President and Representative Director and a meeting of the Group Risk Compliance Committee is held to discuss and decide the Group's response to such risk.
- (iv) Systems to Ensure that Directors Execute their Duties Efficiently
- a. To promote greater efficiency in the Group business operations, subsidiaries are segmented with separate SBUs for each category. Mid-term Business Plan and annual budgets are determined for each SBU and the Group as a whole, and each Director in charge of each SBU is responsible for the efficient execution of such SBU businesses.
  - b. The Company has established several meetings, including the SBU Monthly Report Meeting, the Group Management Meeting, and the *Waigaya* (Weekly Meeting) at which Directors and important employees exchange opinions, putting in place a system for reporting inside the Group and decision making. In addition, the Company has established performance management regulations, organizational regulations, regulations concerning division of duty, regulations concerning operating authority, regulations concerning managerial decisions, etc., which define the scope of authority and responsibility of each Director and design a system to ensure efficient execution of their respective work duties.
  - c. The Group has revised the roles of its overseas holding companies that control relevant regions to create a system that ensures that each SBU carries out its operations efficiently.
- (v) Systems to Ensure that Employees Execute their Duties in Compliance with Laws and Regulations and the Articles of Incorporation
- a. The Group has established the Group's Corporate Philosophy and the Group Compliance Charter as the foundations of its compliance system, so that employees shall always exercise care in carrying out their duties fairly and in accordance with the law.
  - b. The Company has established organizational regulations, regulations concerning division of duty, regulations concerning operating authority, regulations concerning managerial decisions, etc., which clarify the responsibilities and authority of employees.
  - c. An Internal Auditing Division has been established independently of the executive sections to work towards the properness of execution of operations through internal audits, and the Risk Compliance Committee has been established to serve as the overall compliance body, putting in place a system such that, should violations of laws or regulations or suspicions thereof occur, the Risk Compliance Committee will immediately discuss and decide how the issue should be handled.
  - d. Along with the establishment of the regulations concerning compliance, the Company has put in place the Corporate Auditors hotline by means of which, in case of violations of laws or regulations or suspicions thereof, such can be reported directly to the Corporate Auditors.

- (vi) Systems to Ensure Proper Business Behavior by the Group
- a. The Group has established the Group Compliance Charter with which all officers and employees of the Group shall comply while conducting business. The president of each group company has submitted declarations of intent to comply with the Group Compliance Charter. Moreover, the Group Compliance Charter has been revised as needed in response to revisions in the laws and regulations, etc., or changes in the social context surrounding the Group, and a guidebook, the Compliance Book, has been issued and distributed to all officers and employees in the Group in order to ensure thorough knowledge of the Group Compliance Charter throughout the Group. Furthermore, training on compliance is being carried out by, for example, the Group's training system, using its internal network.
  - b. The Group management regulations including, among other regulations, regulations concerning compliance, risk management, performance management and information security management have been established to ensure proper performance of business responsibilities throughout the Group.
  - c. To promote greater efficiency in Group operations, Group businesses are segmented with separate SBUs for each category. The Company has put in place a system primarily headed by the Director in charge of each SBU, to ensure close communication, with each Group company and to provide each Group company with appropriate guidance, advice, etc., as necessary.
  - d. A project is underway to make the Group's internal controls function more effectively, with the primary focus on greater effectiveness and efficiency in operations, reliability in financial reporting and compliance with related laws and regulations.
- (vii) Matters Concerning the Systems Related to Employees who Assist the Corporate Auditors and those Employees' Independence from the Directors
- a. The Board of Corporate Auditors' regulations specify in writing and the Board of Directors has adopted a resolution to the effect that the Corporate Auditors may request a Representative Director to assign employees to assist the Corporate Auditors in carrying out their duties and that, to ensure those employees' independence from the Board of Directors, the Directors and the Corporate Auditors are given an opportunity to confer on personnel matters concerning those employees in advance.
- (viii) Systems for Reports to the Corporate Auditors, Including Reports to the Corporate Auditors Made by Directors and Employees
- a. Directors and employees must promptly report to the Board of Corporate Auditors any matters prescribed by laws and regulations, matters likely to have a major impact on the Company and the Group, and matters related to the current status of internal audits and compliance.
  - b. Along with the establishment of regulations concerning compliance, the Company has put in place the Corporate Auditors hotline by means of which, in case of violations of laws or regulations or suspicions thereof, such can be reported directly to the Corporate Auditors.
  - c. Directors make regular reports to the Board of Directors on the current state of construction and operations of internal control systems.

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

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

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

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

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

(6) Basic Policy Concerning Control of the Company

(i) Content of Basic Policy

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 value of the Company.

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

## What and How a Person or Entity Controlling Decisions on the Financial and Business Policies Should Be

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

Therefore, we believe that in the event that any person or entity that attempts to acquire large quantities of the Company's shares falls under any of the 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

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

## Steps to Increase the Corporate Value of the Group

### • Promoting the Mid-term Business Plan

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

Under "Focus," the business strategy, the Group clarifies the mission of each of the business units on the basis of market environment and competitive superiority. In concrete terms, the Toys and Hobby SBU is making "Continue aggressive expansion" its watchword to increasingly accelerate positive trends in the domestic market and continue to invest for improved profitability and future growth overseas. The Content SBU, which is experiencing drastic changes in its market environment, is making "Change business model" its watchword to respond swiftly to changes in customer preferences. The Amusement Facilities SBU, which has been working to reinforce its revenue base, is making "Strengthen market position and launch a fresh start" its watchword to stabilize revenues through a process of selection and focus and is working to build new growth drivers.

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

- 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 been actively promoting efficient management.

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

- Reinforcing Personnel Strategies

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

- Reinforcing CSR (Corporate Social Responsibilities) Activities

Strengthening its environmental management, the Group is aiming at a 5.4% reduction in CO<sub>2</sub> emissions from each of our worksites by Fiscal Year ending March 2012 (as compared with the Fiscal Year ended March 2009 level) as a mid-term Group environmental target.

- Proactive IR Activities

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

- Proactive Policy for the Return of Profits to Shareholders

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

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



### Takeover Defenses

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

That said, since we are entrusted by shareholders as the management of the Group, we will study and develop a system of takeover defenses in anticipation of situations in which an inappropriate entity or person might emerge to have decision-making power over the Company's financial and business policies.

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

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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, 2011)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	88,126
Trade receivables	57,262
Finished goods and merchandise	10,553
Work in process	26,741
Raw materials and supplies	4,406
Deferred tax assets	6,591
Other current assets	18,072
Allowance for doubtful receivables	(820)
<b>Total current assets</b>	<b>210,934</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings and structures	9,548
Amusement facilities and machines	14,059
Land	10,785
Other property, plant and equipment	8,197
<b>Total property, plant and equipment</b>	<b>42,591</b>
<b>Intangible assets</b>	<b>8,536</b>
<b>Investments and other assets</b>	
Investment securities	21,169
Deferred tax assets	5,759
Other investments and assets	21,181
Allowance for doubtful receivables	(1,905)
<b>Total investments and other assets</b>	<b>46,206</b>
<b>Total fixed assets</b>	<b>97,334</b>
<b>TOTAL ASSETS</b>	<b>308,269</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade payables	36,641
Short-term borrowings	3,428
Accounts payable-other	20,470
Accrued income taxes	7,979
Provision for directors' bonuses	878
Provision for losses from business restructuring	42
Provision for sales returns	1,505
Provision for loss on disaster	165
Other current liabilities	14,994
<b>Total current liabilities</b>	<b>86,105</b>
<b>Long-term liabilities</b>	
Deferred tax liabilities for land revaluation	673
Provision for directors' bonuses	237
Accrued retirement and severance benefits	2,763
Other long-term liabilities	4,795
<b>Total long-term liabilities</b>	<b>8,470</b>
<b>TOTAL LIABILITIES</b>	<b>94,576</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
Common stock	10,000
Additional paid-in capital	69,923
Retained earnings	159,491
Treasury stock	(3,496)
<b>Total stockholders' equity</b>	<b>235,919</b>
<b>Accumulated other comprehensive income</b>	
Unrealized gains or losses on other securities, net of tax	447
Deferred gains or losses on hedges, net of tax	3
Land revaluation, net of tax	(6,491)
Foreign currency translation adjustments	(17,775)
<b>Minority interests</b>	<b>1,590</b>
<b>TOTAL NET ASSETS</b>	<b>213,693</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>308,269</b>

**Consolidated Statements of Operations**  
(From April 1, 2010 to March 31, 2011)

	(Millions of yen)	
	Amount	
<b>Net sales</b>		394,178
<b>Cost of sales</b>		254,763
<b>Gross profit</b>		139,414
<b>Selling, general and administrative expenses</b>		123,076
<b>Operating income</b>		16,338
<b>Non-operating income</b>		870
Interest income	170	
Dividend income	218	
Amortization of negative goodwill	118	
Rent income	106	
Other non-operating income	257	
<b>Non-operating expenses</b>		809
Interest expense	142	
Foreign exchange loss	487	
Other non-operating expenses	179	
<b>Recurring income</b>		16,399
<b>Extraordinary income</b>		2,356
Gain on sales of fixed assets	247	
Gain on sales of investment securities, net	252	
Gain on transfer of business	405	
Reversal of allowance for doubtful receivables	331	
Gain on reversal of stock subscription rights	715	
Other extraordinary income	404	
<b>Extraordinary loss</b>		7,295
Loss on sales of fixed assets	4	
Loss on impairment of fixed assets	996	
Loss on valuation of investment securities	2,059	
Special retirement expenses	848	
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,205	
Other extraordinary loss	2,179	
<b>Net income before income taxes and minority interests</b>		11,460
Corporate income, inhabitant and enterprise taxes	10,946	
Adjustment for income taxes	(1,474)	9,471
<b>Income before minority interests</b>		1,988
Minority interests		140
<b>Net income</b>		1,848

**Consolidated Statement of Changes in Net Assets**

(From April 1, 2010 to March 31, 2011)

(Millions of yen)

Stockholders' equity	
Common stock	
Balance as of March 31, 2010	10,000
Changes during the period	
Total changes during the period	-
Balance as of March 31, 2011	<u>10,000</u>
Additional paid-in capital	
Balance as of March 31, 2010	79,960
Changes during the period	
Disposal of treasury stock	41
Retirement of treasury stock	(10,077)
Total changes during the period	<u>(10,036)</u>
Balance as of March 31, 2011	<u>69,923</u>
Retained earnings	
Balance as of March 31, 2010	163,454
Changes during the period	
Cash dividends	(5,797)
Net income	1,848
Changes in the scope of consolidation	(13)
Total changes during the period	<u>(3,962)</u>
Balance as of March 31, 2011	<u>159,491</u>
Treasury stock	
Balance as of March 31, 2010	(9,455)
Changes during the period	
Purchase of treasury stock	(4,171)
Disposal of treasury stock	54
Retirement of treasury stock	10,077
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	<u>(1)</u>
Total changes during the period	<u>5,959</u>
Balance as of March 31, 2011	<u>(3,496)</u>

	(Millions of yen)
<b>Total stockholders' equity</b>	
Balance as of March 31, 2010	243,958
Changes during the period	
Cash dividends	(5,797)
Net income	1,848
Purchase of treasury stock	(4,171)
Disposal of treasury stock	95
Retirement of treasury stock	-
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(1)
Changes in the scope of consolidation	(13)
Total changes during the period	<u>(8,039)</u>
Balance as of March 31, 2011	<u>235,919</u>
<b>Accumulated other comprehensive income</b>	
Unrealized gains or losses on other securities, net of tax	
Balance as of March 31, 2010	19
Changes during the period	
Net changes in the period other than changes in stockholders' equity	428
Total changes during the period	<u>428</u>
Balance as of March 31, 2011	<u>447</u>
Deferred gains or losses on hedges, net of tax	
Balance as of March 31, 2010	79
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(76)
Total changes during the period	<u>(76)</u>
Balance as of March 31, 2011	<u>3</u>
Land revaluation, net of tax	
Balance as of March 31, 2010	(6,491)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	-
Total changes during the period	<u>-</u>
Balance as of March 31, 2011	<u>(6,491)</u>
Foreign currency translation adjustments	
Balance as of March 31, 2010	(10,900)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(6,875)
Total changes during the period	<u>(6,875)</u>
Balance as of March 31, 2011	<u>(17,775)</u>

	(Millions of yen)
Accumulated other comprehensive income	
Balance as of March 31, 2010	(17,292)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(6,524)
Total changes during the period	(6,524)
Balance as of March 31, 2011	(23,816)
Stock subscription rights	
Balance as of March 31, 2010	810
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(810)
Total changes during the period	(810)
Balance as of March 31, 2011	-
Minority interests	
Balance as of March 31, 2010	1,535
Changes during the period	
Net changes in the period other than changes in stockholders' equity	54
Total changes during the period	54
Balance as of March 31, 2011	1,590
Total net assets	
Balance as of March 31, 2010	229,012
Changes during the period	
Cash dividends	(5,797)
Net income	1,848
Purchase of treasury stock	(4,171)
Disposal of treasury stock	95
Retirement of treasury stock	-
Changes in treasury stock accompanying changes to holdings in companies to which the equity method is applied	(1)
Changes in the scope of consolidation	(13)
Net changes in the period other than changes in stockholders' equity	(7,279)
Total changes during the period	(15,318)
Balance as of March 31, 2011	213,693

## Notes to Consolidated Financial Statements

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

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

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

##### (1) Status of Consolidated Subsidiaries:

###### (i) Total Number of Consolidated Subsidiaries:

77 companies

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

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

Since BANDAI Polska sp. z o gained in importance and NAMCO BANDAI Live Creative Inc. was newly incorporated, those companies were added to the scope of consolidation from this consolidated fiscal year. In addition, regarding the companies included among consolidated subsidiaries in the previous consolidated fiscal year, (i) D3 Publisher Inc., and Entertainment Software Publishing, Inc., were merged into a consolidated subsidiary, (ii) NAMCO TRADING LTD. and NAMCO SPA RESORT LTD. were liquidated, and (iii) stock of Bowling Station S.L.U. was sold. Accordingly, those companies were excluded from the scope of consolidation.

##### (2) Status of Non-Consolidated Subsidiaries:

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

SHANGHAI NAMCO LTD. and BANDAI LOGIPAL (H.K.) LTD.

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

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



## 2. Information Concerning Application of the Equity Method

### (1) Status of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied:

#### (i) Number of Non-Consolidated Subsidiaries and Affiliated Companies to Which the Equity Method Was Applied:

7 companies

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

Non-consolidated subsidiary: SHANGHAI NAMCO LTD.

Affiliated companies: Happinet Corporation, Sotsu Co., Ltd. and People Co., Ltd.

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

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

BANDAI LOGIPAL (H.K.) LTD.

#### (ii) Reason the Equity Method Was Not Applied to the Company:

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

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

NAMCO BANDAI Holdings (USA) Inc. and some other consolidated subsidiaries (10 domestic and 25 overseas subsidiaries) have the last day of December, January, or February as closing date.

In the preparation of the consolidated financial statements, the financial statements of each company for the relevant fiscal year were used, and necessary adjustments for consolidation purposes were made in the case of material transactions conducted prior to the last day of the consolidated fiscal year for the consolidated financial statements of the Company.

#### 4. Information Concerning the Basis for Accounting Treatment

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

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

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

Other securities:

Securities with market values:

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

Securities without market values:

Stated using the cost method based on the moving average method.

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

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

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

Work in process, such as game software, etc.:

Stated using the cost method based on the specific-cost method. (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability.)

Others:

Domestic consolidated subsidiaries:

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

Overseas consolidated subsidiaries:

Generally, stated using the lower of cost 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: 2 to 50 years

Amusement facilities and machines: 3 to 15 years

Overseas consolidated subsidiaries:

Stated using the straight-line method.

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

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

(ii) Intangible Assets:

Stated using the straight-line method.

The general useful life of software is as follows:

Software (used internally):	1 to 5 years
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(iii) Leased Assets:

Stated using the straight-line method, with the useful life set to the lease period, for a residual value of zero.

However, financing lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started on or before March 31, 2008, are stated by applying the accounting treatment applicable to ordinary operating lease transactions.

(3) Basis of Recognition for Significant Provision:

(i) Allowance for Doubtful Receivables:

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

(ii) Provision for Directors' Bonuses:

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

(iii) Provision for Losses from Business Restructuring:

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

(iv) Provision for Sales Returns:

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

(v) Provision for loss on disaster:

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

(vi) Accrued Retirement and Severance Benefits:

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

service costs over a fixed period (10 to 11 years) that does not exceed the average remaining years of service of employees at the point when the costs are incurred.

(4) Accounting Standards for Significant Income and Expense:

(i) Video Game Software Revenue Recognition:

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

(ii) Video Game Software Production Costs:

A distinctive characteristic of video game software is the process through which the software is highly combined with the content that cannot be separated into identifiable components.

The content is considered to be an important component of each video game title, which includes the game content and visual / music data. Once management makes a decision to go forward in distributing a title, the Company records the software and content development costs as work in process.

The capitalized production costs are amortized to cost of sales based on projected sales volumes.

(5) Significant Accounting Policies for Hedging:

(i) Accounting for Hedging:

The Company used deferred hedge accounting.

In cases where forward foreign exchange contracts meet certain hedging criteria, they are accounted for under the allocation method.

(ii) Hedging Instruments and Hedged Items:

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

(iii) Hedging Policies:

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

(iv) Method of Assessing the Effectiveness of Hedging:

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

(6) Amortization of Goodwill

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

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

Accounting treatment of consumption tax:

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

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

(Application of Accounting Standard for Asset Retirement Obligations)

“Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) were applied from this consolidated fiscal year.

As a result, gross profit, operating income, and recurring income have each decreased by 83 million yen and net income before income taxes and minority interests decreased by 1,334 million yen.

(Application of Accounting Standard for Business Combinations)

“Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) were applied from this fiscal year.

## 6. Change in Method of Presentation

### (Consolidated Balance Sheet)

- (1) What had been stated separately through the previous consolidated fiscal year as “Short-term investments” (for which the balance at the end of this consolidated fiscal year is 2,817 million yen) was stated within “Other current assets” under “Current assets,” since it is at or below 1 percent of total assets.
- (2) What had been stated separately through the previous consolidated fiscal year as “Goodwill” (for which the balance at the end of this consolidated fiscal year is 726 million yen) was stated within “Intangible assets,” since it is at or below 1 percent of total assets.

### (Consolidated Statements of Operations)

- (1) “Rent income,” which had been stated through the previous consolidated fiscal year within “Other non-operating income” under “Non-operating income” was stated separately, since it is above 10 percent of the total non-operating income.  
The total of “Rent income” for the previous consolidated fiscal year was 115 million yen.
- (2) What had been stated through the previous consolidated fiscal year as “Reversal of accrued retirement and severance benefits” (for which the balance for this consolidated fiscal year is 0 million yen) was stated within “Other extraordinary income” under “Extraordinary income” since it is at or below 10 percent of the total extraordinary income.
- (3) “Loss on valuation of investment securities,” which had been stated through the previous consolidated fiscal year within “Other extraordinary loss” under “Extraordinary loss” was stated separately, since it is above 10 percent of the total extraordinary loss.  
The total of “Loss on valuation of investment securities” for the previous consolidated fiscal year was 122 million yen.
- (4) What had been stated through the previous consolidated fiscal year as “Loss on disposal of fixed assets” (for which the balance for this consolidated fiscal year is 564 million yen) and “Loss on business restructuring” (for which the balance for this consolidated fiscal year is 104 million yen), were stated within “Other extraordinary loss” under “Extraordinary loss,” since each is at or below 10 percent of the total extraordinary loss.
- (5) What had been stated through the previous consolidated fiscal year as “Income taxes for the previous period” (for which the balance for this consolidated fiscal year is 42 million yen) was stated within “Corporate income, inhabitant and enterprise taxes,” since its monetary importance has decreased in this consolidated fiscal year.
- (6) With the adoption of “Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Companies Act and the Corporate Accounting Rules, etc.” (March 27, 2009, Ordinance of the Ministry of Justice No. 7 of 2009), based on “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), from this consolidated fiscal year, “Income before minority interests” is stated separately.

## II. Notes to Consolidated Balance Sheet

### 1. Pledged Assets:

Time deposits: ¥3 million  
Pledged for bank transaction guarantees

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

¥122,394 million

### 3. Discounted Notes Receivable

¥50 million

#### 4. Land revaluation

A revaluation of land for business-use was implemented pursuant to the “Law Concerning Land revaluation” (Law No. 34, 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 749 million yen.

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

#### 1. Type and Total Number of Shares Issued

Common stock            240,000,000 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 21, 2010 Ordinary General Meeting of Shareholders	Common stock	2,898	12	March 31, 2010	June 22, 2010
November 5, 2010, Board of Directors' Meeting	Common stock	2,898	12	September 30, 2010	December 6, 2010

##### (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 20, 2011, Ordinary General Meeting of Shareholders	Common stock	2,839	Retained earnings	12	March 31, 2011	June 21, 2011

#### IV. Notes Concerning Financial Instruments

##### 1. Financial Instruments

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

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

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

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

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

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

##### 2. Market Values of Financial Instruments

The book values of financial instruments as stated in the consolidated balance sheet, their market value as of March 31, 2011, 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	88,126	88,126	—
(2) Trade receivables	57,262	57,262	—
(3) Short-Term Investments and Investment Securities			
1. Held-to-maturity securities	25	25	—
2. Other securities	13,164	13,164	—
3. Stock of affiliated companies	7,185	4,661	(2,524)
Total assets	165,765	163,240	(2,524)
(1) Trade payables	36,641	36,641	—
(2) Short-term borrowings	3,428	3,428	—
(3) Accounts payable-other	20,470	20,470	—
(4) Accrued income taxes	7,979	7,979	—
Total liabilities	68,520	68,520	—
Derivative transactions (*)	(107)	(107)	—

(\*) Debts and credits derived from derivative transactions are stated on a net basis and net debts are indicated in parentheses ( ).



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

Assets

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

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

(3) Short-term investments and investment securities

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

Liabilities

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

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

Derivative transactions

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

2. Unlisted stocks (stated as 1,459 million yen in the consolidated balance sheet) and stocks of unconsolidated subsidiaries and affiliated companies (unlisted stocks) (stated as 2,151 million yen in the consolidated balance sheet) have no market price, and it is extremely difficult to assess their market value; thus, they are not included in “(3) Short-Term Investments and Investment Securities.”

V. Notes Concerning Per-Share Data

- |  |         |
|--|---------|
| 1. Net assets per share:                                   | ¥896.83 |
| 2. Net income per share for this consolidated fiscal year: | ¥7.71   |

VI. Notes to significant subsequent events

(Method of treasury stock acquisition)

Concerning a resolution made by the Board of Directors at the meeting held on February 25, 2011 on the acquisition of treasury stock, the Company, at a Board of Directors meeting held on May 10, 2011, resolved the concrete acquisition method set forth below in accordance with the provision of Article 156, Paragraph 1 of the Companies Act as applied by replacing the relevant terms pursuant to Article 165, Paragraph 3 of the Companies Act and the Company’s Articles of Incorporation.

1. Reason for acquisition

To improve capital efficiency by effectively utilizing assets held and to execute capital policy with the flexibility to respond to change in the business environment.

2. Acquisition method

Acquisition from market, etc.

The Company will acquire shares from the market up to the total number and amount not exceeding those calculated after deducting the number and amount of the shares acquired by tender offer from February 28 to March 28, 2011.

3. Period of acquisition

From May 11, 2011 to December 31, 2011

#### 4. Other

Contents of resolution at Board of Directors meeting held on February 25, 2011

- (1) Type of shares  
Common stock
- (2) Total number of shares to be acquired  
20,000,000 shares (maximum)
- (3) Total amount for share acquisition  
¥20,000 million (maximum)
- (4) Period of share acquisition  
From February 28, 2011 to December 31, 2011
- (5) Status of shares acquired after above Board of Directors resolution  
(total number of acquired shares) 5,005,364 shares  
(total amount paid for acquired shares) ¥4,434 million

The number of own shares acquired in relation to the resolution of the Board of Directors at the meeting held on May 10, 2011 is not included in (5).

## VII. 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 leased assets. Of these, in the amusement facility business, the individual facility, the smallest unit used in management accounting, is mainly the basic unit for grouping assets.

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

Location	Items	Classification	Impairment Loss (Millions of yen)
Nakagami-gun, Okinawa Prefecture, etc. (Note 1)	Amusement facility	Amusement facilities and machines and other assets	204
Tyne and Wear, U.K., etc. (Note 1)	Amusement facility	Intangible assets and other assets	20
Essex, U.K., etc. (Note 2)	Amusement facility	Amusement facilities and machines and other assets	363
Taito-ku, Tokyo (Note 3)	Assets for business use	Property, plant and equipment (other)	28
Taito-ku, Tokyo (Note 4)	Assets for business use	Investment and other assets (other)	28
Cergy-Pontois, France (Note 1)	Assets for business use	Property, plant and equipment (other)	15
Seoul, Korea (Note 1)	Internet content business software	Intangible assets	252
Shinagawa-ku, Tokyo, etc. (Note 5)	Assets for business use	Buildings & structures, Other property, plant and equipment	83
Sapporo City, Hokkaido (Note 1)	Assets for business use	Property, plant and equipment (other)	1
Total			996

- (Notes) 1. Impairment loss was recorded because it was forecasted that the book value of these fixed assets could not be recovered due to a decline in business profitability. The recoverable amount was calculated by the estimated value in use of zero.
2. Impairment loss was recorded because it was forecasted that the book value of these fixed assets could not be recovered due to a decline in business profitability. The recoverable amount was calculated by the estimated value in use based on the expected future cash flows.
3. Impairment loss was recorded on these assets, for which no future use is anticipated. The recoverable amount was evaluated by the memorandum value.
4. It was determined that the profit assumed at the time of acquisition was unlikely to be realized. Therefore, the total balance was recorded as an impairment loss.
5. Impairment loss was recorded on these assets, for which no future use is anticipated. The recoverable amount was calculated by the estimated value in use of zero.

**Non-Consolidated Balance Sheet**  
(As of March 31, 2011)

	(Millions of yen)
	Amount
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and time deposits	28,974
Trade receivables	249
Prepaid expenses	277
Other current assets	978
<b>Total current assets</b>	<b>30,480</b>
<b>Fixed assets</b>	
<b>Property, plant and equipment</b>	
Buildings	31
Structures	216
Tools, furniture and fixtures	155
Total property, plant and equipment	403
<b>Intangible assets</b>	
Goodwill	341
Software	159
Other intangible assets	57
Total intangible assets	559
<b>Investments and other assets</b>	
Investment securities	9,554
Investments in affiliated companies	286,590
Long term prepaid expenses	52
Other investments and assets	1,600
Total investments and other assets	297,797
<b>Total fixed assets</b>	<b>298,760</b>
<b>TOTAL ASSETS</b>	<b>329,240</b>

	(Millions of yen)
	Amount
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Short-term borrowings from affiliated companies	77,275
Short-term borrowings	3,333
Accounts payable-other	579
Accrued expenses	324
Accrued income taxes	80
Deposits receivables	25
Unearned revenue	155
Other current liabilities	127
<b>Total current liabilities</b>	<b>81,901</b>
<b>Long-term liabilities</b>	
Deferred tax liabilities	40
Accrued retirement and severance benefits	15
Other long-term liabilities	140
<b>Total long-term liabilities</b>	<b>195</b>
<b>TOTAL LIABILITIES</b>	<b>82,097</b>
<b>NET ASSETS</b>	
<b>Stockholders' equity</b>	
Common stock	10,000
Additional paid-in capital	191,971
Capital reserve	2,500
Other capital surplus	189,471
Retained earnings	48,469
Legal reserve	1,645
Other retained earnings	46,824
General reserve	26,104
Retained earnings carried forward	20,719
Treasury stock	(3,421)
<b>Total stockholders' equity</b>	<b>247,019</b>
<b>Valuation difference and foreign currency translation adjustments</b>	
Unrealized gains or losses on other securities, net of tax	123
<b>Total valuation difference and foreign currency translation adjustments</b>	<b>123</b>
<b>TOTAL NET ASSETS</b>	<b>247,143</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>329,240</b>

**Non-Consolidated Statements of Operations**  
(From April 1, 2010 to March 31, 2011)

		(Millions of yen)
		Amount
<b>Operating revenue</b>		5,635
Dividend income from affiliated companies	2,733	
Business management income from affiliated companies	2,902	
<b>Operating expenses</b>		2,733
General and administrative expenses	2,733	
<b>Operating income</b>		2,902
<b>Non-operating income</b>		2,126
Interest income	28	
Dividend income	156	
Rental income	1,918	
Other non-operating income	22	
<b>Non-operating expenses</b>		2,202
Interest expense	138	
Expenses related to rental assets	1,902	
Other non-operating expenses	160	
<b>Recurring income</b>		2,825
<b>Extraordinary income</b>		768
Gain on sales of investment securities, net	53	
Gain on reversal of stock subscription rights	715	
<b>Extraordinary loss</b>		2,132
Loss on valuation of investment securities	2,045	
Other extraordinary losses	86	
<b>Income before income taxes</b>		1,461
Corporate income, inhabitant and enterprise taxes	26	26
<b>Net income</b>		1,435

## Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2010 to March 31, 2011)

(Millions of yen)

Stockholders' equity	
Common stock	
Balance as of March 31, 2010	10,000
Changes during the period	
Total changes during the period	-
Balance as of March 31, 2011	10,000
Additional paid-in capital	
Capital reserve	
Balance as of March 31, 2010	2,500
Changes during the period	
Total changes during the period	-
Balance as of March 31, 2011	2,500
Other capital surplus	
Balance as of March 31, 2010	199,538
Changes during the period	
Disposal of treasury stock	41
Retirement of treasury stock	(10,108)
Total changes during the period	(10,067)
Balance as of March 31, 2011	189,471
Total additional paid-in capital	
Balance as of March 31, 2010	202,038
Changes during the period	
Disposal of treasury stock	41
Retirement of treasury stock	(10,108)
Total changes during the period	(10,067)
Balance as of March 31, 2011	191,971
Retained earnings	
Legal reserve	
Balance as of March 31, 2010	1,645
Changes during the period	
Total changes during the period	-
Balance as of March 31, 2011	1,645
Other retained earnings	
General reserve	
Balance as of March 31, 2010	26,104
Changes during the period	
Total changes during the period	-
Balance as of March 31, 2011	26,104
Retained earnings carried forward	
Balance as of March 31, 2010	25,082
Changes during the period	
Cash dividends	(5,797)
Net income	1,435
Total changes during the period	(4,362)
Balance as of March 31, 2011	20,719
Total retained earnings	
Balance as of March 31, 2010	52,832
Changes during the period	
Cash dividends	(5,797)
Net income	1,435
Total changes during the period	(4,362)
Balance as of March 31, 2011	48,469

(Millions of yen)

Treasury stock	
Balance as of March 31, 2010	(9,413)
Changes during the period	
Purchase of treasury stock	(4,171)
Disposal of treasury stock	54
Retirement of treasury stock	10,108
Total changes during the period	5,991
Balance as of March 31, 2011	(3,421)
Total stockholders' equity	
Balance as of March 31, 2010	255,457
Changes during the period	
Cash dividends	(5,797)
Net income	1,435
Purchase of treasury stock	(4,171)
Disposal of treasury stock	95
Retirement of treasury stock	-
Total changes during the period	(8,438)
Balance as of March 31, 2011	247,019
Valuation difference and foreign currency translation adjustments	
Unrealized gains or losses on other securities, net of tax	
Balance as of March 31, 2010	(510)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	634
Total changes during the period	634
Balance as of March 31, 2011	123
Total valuation difference and foreign currency translation adjustments	
Balance as of March 31, 2010	(510)
Changes during the period	
Net changes in the period other than changes in stockholders' equity	634
Total changes during the period	634
Balance as of March 31, 2011	123
Stock subscription rights	
Balance as of March 31, 2010	810
Changes during the period	
Net changes in the period other than changes in stockholders' equity	(810)
Total changes during the period	(810)
Balance as of March 31, 2011	-
Total net assets	
Balance as of March 31, 2010	255,757
Changes during the period	
Cash dividends	(5,797)
Net income	1,435
Purchase of treasury stock	(4,171)
Disposal of treasury stock	95
Retirement of treasury stock	-
Net changes in the period other than changes in stockholders' equity	(175)
Total changes during the period	(8,613)
Balance as of March 31, 2011	247,143



## Notes to Non-Consolidated Financial Statements

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

### 1. Notes Concerning Significant Accounting Policies

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

Valuation basis and methods for securities:

##### (i) Shares of Subsidiaries and Affiliated Companies:

Stated using cost method based on the moving average method.

##### (ii) Other Securities:

Securities with market values:

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

Securities without market values:

Stated using cost method based on the moving average method.

#### (2) Depreciation Methods for Fixed Assets:

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

Stated using the declining-balance method.

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

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

##### (ii) Intangible Assets:

Stated using the straight-line method.

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

Goodwill	5 years
Software (used internally)	5 years

#### (3) Basis of Recognition for Provision:

Accrued Retirement and Severance Benefits:

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

#### (4) Accounting Treatment of Consumption Tax:

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

#### (5) Change in Method of Presentation

(Non-Consolidated Statements of Operations)

What had been stated through the previous fiscal year as "Foreign exchange loss" (for which the balance for this fiscal year is 131 million yen) was stated within "Other non-operating expenses" since it is at or below 10 percent of the total of non-operating expenses.

### 2. Notes to Non-Consolidated Balance Sheet

#### (1) Amount of accumulated depreciation of property, plant and equipment: ¥303 million

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

Short-term monetary claims on affiliated companies:	¥663 million
Short-term monetary obligations to affiliated companies:	¥313 million

### 3. Notes to Non-Consolidated Statements of Operations

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

Non-operating Transactions:

Non-operating income	¥1,933 million
Non-operating expenses	¥86 million

### 4. 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	3,384,653 shares
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### 5. Notes Concerning Tax Effect Accounting

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

Deferred tax assets

Loss on valuation of investment securities	¥1,192 million
Loss on valuation of investments in affiliated companies	¥950 million
Accrued bonuses	¥47 million
Loss on valuation of guarantee money deposited	¥41 million
Accrued enterprise taxes	¥23 million
<u>Others</u>	<u>¥29 million</u>
Subtotal deferred tax assets	¥2,284million
<u>Valuation allowance</u>	<u>(¥2,284million)</u>
Total deferred tax assets	¥- million

Deferred tax liabilities

<u>Unrealized gains or losses on other securities, net of tax</u>	<u>(¥40 million)</u>
<u>Total gross deferred tax liabilities</u>	<u>(¥40 million)</u>
Net deferred tax liabilities	(¥40 million)

6. 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, 2011
Subsidiary	Bandai Co., Ltd.	Holding directly 100.0%	Interlocking directorate	Receipt of dividends (Note 1)	2,078	–	–
				Management fees (Note 2)	584	Trade receivables	55
				Borrowings (Note 3)	25,384	Short-term borrowings from affiliated companies	34,506
				Payment of interest	31	–	–
Subsidiary	NAMCO BANDAI Games Inc.	Holding directly 100.0%	Interlocking directorate	Rental building	1,774	–	–
				Borrowings (Note 3)	8,339	Short-term borrowings from affiliated companies	7,726
				Payment of interest	10	–	–
				Loans (Note 4)	5,000	–	–
				Receipt of interest	11	–	–
Subsidiary	NAMCO LIMITED	Holding directly 100.0%	Interlocking directorate	Borrowings (Note 3)	11,779	Short-term borrowings from affiliated companies	14,000
				Payment of interest	14	–	–
Subsidiary	BANDAI VISUAL CO., LTD.	Holding directly 100.0%	–	Borrowings (Note 3)	4,619	Short-term borrowings from affiliated companies	4,690
				Payment of interest	5	–	–
Subsidiary	Banpresto Co., Ltd.	Holding indirectly 100.0%	–	Borrowings (Note 3)	4,717	Short-term borrowings from affiliated companies	5,277
				Payment of interest	5	–	–
Subsidiary	Sunrise Inc.	Holding directly 91.8% indirectly 7.6%	–	Borrowings (Note 3)	9,786	Short-term borrowings from affiliated companies	9,786
				Payment of interest	12	–	–

Conditions of transactions and policies for determining the conditions of transactions

- (Notes) 1. The receipt of dividends is based on the Group's regulations.  
2. Management fees are generally decided based on fair and appropriate prices.  
3. 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.  
4. The interest rate on these loans is, based on intra-Group regulations, determined reasonably, taking into account market interest rates.

7. Notes Concerning Per-Share Data

Net assets per share:	¥1,044.50
Net income per share:	¥5.98

8. Notes to significant subsequent events

(Method of treasury stock acquisition)

Because this item is explained in the Notes to Consolidated Financial Statements, VI. Notes to significant subsequent events, the details are omitted.

**END**

# Accounting Auditor's Report Concerning the Consolidated Financial Statements

## Independent Auditor's Report

May 18, 2011

The Board of Directors  
NAMCO BANDAI Holdings Inc.

**KPMG AZSA LLC**

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

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

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

We have audited the consolidated financial statements, that is, the consolidated balance sheet, the consolidated statements of operations, consolidated statement of changes in net assets and notes to consolidated financial statements of NAMCO BANDAI Holdings Inc. for this consolidated fiscal year from April 1, 2010 to March 31, 2011 in accordance with Article 444, Paragraph 4 of the Companies Act. The preparation of the consolidated financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit as an independent auditor.

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

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

### Additional Information

As described in Notes to significant subsequent events of Notes to consolidated financial statements, the Company resolved a concrete method to acquire its own shares at the Board of Directors meeting held on May 10, 2011.

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

END

## Accounting Auditor's Report Concerning the Non-Consolidated Financial Statements

### Independent Auditor's Report

May 18, 2011

The Board of Directors  
NAMCO BANDAI Holdings Inc.

**KPMG AZSA LLC**

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

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

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

We have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, the non-consolidated statements of operations, non-consolidated statement of changes in net assets and notes to financial statements of NAMCO BANDAI Holdings Inc. and their supplementary statements for the 6th fiscal year from April 1, 2010 to March 31, 2011 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act. The preparation of the non-consolidated financial statements and their supplementary statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the non-consolidated financial statements and their supplementary statements based on our audit as independent auditors.

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

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

#### Additional Information

As described in Notes to significant subsequent events of Notes to non-consolidated financial statements, the Company resolved a concrete method to acquire its own shares at the Board of Directors meeting held on May 10, 2011.

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

END

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

### **Audit Report**

We, the Board of Corporate Auditors, prepared this audit report, as a unanimous opinion of all members of the Board of Corporate Auditors, on the execution of duties by Directors during the 6th fiscal year from April 1, 2010 to March 31, 2011, based on audit reports prepared by each Corporate Auditor.

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

We devised the 6th auditing plan (auditing policies, duties assigned to each Corporate Auditor and auditing methods), received reports on the progress on, and results of, audits from each Corporate Auditor, as well as reports on the execution of their duties from Directors, etc. and the Accounting Auditor, and requested explanations as necessary.

Each Corporate Auditor communicated with the Directors, the internal auditing division, and other employees, etc., in accordance with the internal regulations established by the Board of Corporate Auditors, such as Board of Corporate Auditors regulations, Corporate Auditors regulations, auditing standards for internal control system, and the above-mentioned auditing plan, to collect information and improve the auditing environment. We attended the meetings of the Board of Directors and other significant meetings, received reports on the execution of duties from Directors and employees, etc., obtained explanations thereof as necessary, viewed documents concerning important decisions, and investigated the conditions of operations and assets of the Company. We also periodically received reports from Directors and employees, etc., requested explanations as necessary, and expressed opinion, regarding the development and operation of internal control systems that were organized based on decisions by the Board of Directors in relation to the development of a system to ensure that the execution of duties by Directors and other operations of the Company as described in the business reports were in conformity with applicable laws and regulations and the Company's Articles of Incorporation, and a system stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Ordinance of the Companies Act. In addition, we received reports on evaluations and audit status of internal controls on financial reporting from Directors, etc. and from KPMG AZSA LLC, the Accounting Auditor of the Company, concerning internal controls on financial reporting, and requested explanations thereof as necessary. We further examined the content of basic policies (Article 118, Item 3-(a) of the Enforcement Ordinance of the Companies Act) and actions (Article 118, Item 3-(b) of the Enforcement Ordinance of the Companies Act) described in business reports based on the meetings of the Board of Directors and other discussions. Regarding the Company's subsidiaries, we communicated and shared information with the Directors and the Corporate Auditors, etc. of the subsidiaries, and received reports on their business as necessary from them. Using the aforementioned method, we examined the business reports and supplementary statements for this fiscal year under review.

Furthermore, we monitored and verified that the Accounting Auditor remained independent and performed audits appropriately, received reports on the execution of its duties from the Accounting Auditor and requested explanations as necessary. We were also notified that a "system for ensuring the proper execution of duties" (as per Article 131 of the Corporate Accounting Rules) was organized in accordance with "Quality Control Standards for Auditing" (October 28, 2005, Business Accounting Council), and requested explanations as necessary. Using the aforementioned method, we examined non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statements of operations, non-consolidated statement of changes in net assets, and notes thereto), their supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statements of operations, consolidated statement of changes in net assets, and notes thereto) for this fiscal year under review.

## 2. Results of the Audit

### (1) Audit Results of business reports, etc.

- (i) We confirm that the business reports and its supplementary statements fairly represent the condition of the Company and are in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We confirm that, with respect to the execution of duties by Directors, there are no fraudulent acts, or material facts that violate applicable laws and regulations or the Articles of Incorporation.
- (iii) We confirm that the decisions made by the Board of Directors with regard to internal control systems are proper. We recognize that there is nothing to be cited with respect to the description of those internal control systems in the business reports and the execution of duties by Directors. In addition, as of the date hereof, we have received reports from the Directors, etc. and from KPMG AZSA LLC as to the effectiveness of the internal controls on financial reporting.
- (iv) We confirm that there is nothing to be cited in respect of the basic policy described in the business reports concerning what and how a person or entity controlling decisions on the financial and business policies of the Company should be. We confirm that actions (Article 118, Item 3-(b) of the Enforcement Ordinance of the Companies Act) described in the business reports are in accordance with this basic policy and that these actions do not damage our Group's value and shareholders' common interest, nor serve to maintain the position of the directors of the Company.

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

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

### (3) Audit Result of consolidated financial statements

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

May 18, 2011

Board of Corporate Auditors NAMCO BANDAI Holdings Inc.		
Standing Corporate Auditor	Koichiro Homma	(Seal)
Standing Corporate Auditor (outside corporate auditor)	Katsuhiko Kohtari	(Seal)
Corporate Auditor (outside corporate auditor)	Osamu Sudo	(Seal)
Corporate Auditor (outside corporate auditor)	Kouji Yanase	(Seal)

**END**



## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1 Appropriation of Surplus

Appropriation of surplus is as follows:

##### Fiscal Year-end Dividends

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

In view of the Company's performance in this fiscal year, it will pay a year-end dividend of ¥12 per share for this sixth fiscal year.

Since the Company paid an interim dividend of ¥12 per share on December 6, 2010, the total annual dividend for the fiscal year will be ¥24 per share.

(i) Type of dividend assets:

Cash

(ii) Allocation of dividend assets to be paid to shareholders and total amount of dividend:

¥12 per share of common stock of the Company

Total amount of dividends would be ¥2,839,384,164

(iii) Effective date of distribution of surplus (dividend):

June 21, 2011

**Proposal No. 2 Election of Nine (9) Directors**

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

The candidates for Director of the Company are as follows:

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
1	Shukuo Ishikawa (April 15, 1955)	<p>Apr. 1978: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p>Aug. 1991: General Manager, EM Development Department of NAMCO LIMITED</p> <p>Jun. 1995: Director in charge of Development Division II, General Manager, EM Development Department and VS Development Department of NAMCO LIMITED</p> <p>Jun. 1999: Managing Director in charge of Research, Development and Production, and Development Division II of NAMCO LIMITED</p> <p>Apr. 2005: Executive Vice President and Representative Director in charge of contents business of NAMCO LIMITED</p> <p>Apr. 2006: President and Representative Director of NAMCO BANDAI Games Inc.</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. (current position)</p> <p>(Major concurrent positions) President and Representative Director of NAMCO BANDAI Games Inc.</p>	17,900 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
2	Takeo Takasu (June 24, 1945)	<p>Apr. 1968: Joined the Sanwa Bank Ltd. (currently the Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Oct. 1993: General Manager, Los Angeles Branch, the Sanwa Bank Ltd.</p> <p>Apr. 1996: Joined Bandai Co., Ltd. as General Manager, Planning Office</p> <p>Jun. 1996: President and Representative Director, Bandai Holding Corp.</p> <p>Jun. 1997: Managing Director, Bandai Co., Ltd.</p> <p>Mar. 1999: President and Representative Director, Bandai Co., Ltd.</p> <p>Jun. 2005: Chairman and Representative Director, Bandai Co., Ltd.</p> <p>Sep. 2005: President and Representative Director of the Company</p> <p>May 2007: Chairman of the Japan Toy Association (current position)</p> <p>Apr. 2009: Chairman and Representative Director of the Company</p> <p>Feb. 2010: Chairman and Director of the Company (current position)</p> <p>(Major concurrent positions) Chairman of the Japan Toy Association</p>	95,750 Shares
3	Shuji Ohtsu (August 6, 1959)	<p>Mar. 1986: Licensed as a CPA</p> <p>Dec. 1996: Partner in Century Audit Corporation</p> <p>Jan. 2000: Partner in Century Ota Showa &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)</p> <p>Sep. 2003: Partner in KPMG AZSA &amp; Co.</p> <p>May 2004: Board Member of KPMG AZSA &amp; Co.</p> <p>Oct. 2007: Joined the Company as Adviser</p> <p>Jun. 2008: Director in charge of Overseas Operations, Group Administrative Headquarters, Corporate Legal Affairs Office and Internal Auditing Division of the Company</p> <p>Apr. 2011: Director in charge of Overseas Operations, Group Administrative Headquarters, and Division General Manager of Group Administrative Headquarters of the Company (current position)</p>	9,800 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
4	Yuji Asako (January 18, 1966)	<p>Apr. 1986: Joined Bandai Co., Ltd.</p> <p>Aug. 2005: General Manager, Accounting Division of Bandai Co., Ltd.</p> <p>Sep. 2005: Joined the Company, as General Manager of the Corporate Administration Department</p> <p>Apr. 2006: Director, NAMCO BANDAI Games Inc. (current position)</p> <p>Apr. 2008: Executive Officer, Division General Manager of Corporate Planning Division of the Company</p> <p>Jun. 2010: Director in charge of Corporate Planning and Division General Manager of the Corporate Planning Division of the Company (current position)</p>	8,300 Shares
5	Kazunori Ueno (September 16, 1953)	<p>Apr. 1977: Joined Bandai Co., Ltd.</p> <p>Apr. 1991: General Manager, Candy Toy / Vending Machine Business Department of Bandai Co., Ltd.</p> <p>Jun. 2001: Director in charge of the Toy Business Projects and General Manager, Character Toy Business Department of Bandai Co., Ltd.</p> <p>Apr. 2003: Managing Director and President, Toys &amp; Hobby Company and Chief Gundam Officer (CGO) of Bandai Co., Ltd.</p> <p>Jun. 2005: President and Representative Director of Bandai Co., Ltd., and Chief Gundam Officer (CGO) (current position)</p> <p>Sep. 2005: Director of the Company</p> <p>Jun. 2007: Director in charge of Toys and Hobby SBU of the Company (current position)</p> <p>(Major concurrent positions) President and Representative Director of Bandai Co., Ltd.</p>	51,350 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
6	Masahiro Tachibana (April 16, 1951)	<p>Apr. 1978: Joined NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p>Jul. 1986: General Manager, Operations Division of NAMCO LIMITED</p> <p>Jun. 1988: Director in charge of Operations Representative and General Manager, Operations Division of NAMCO LIMITED</p> <p>Jun. 1989: Managing Director in charge of Operations, and General Manager, Operations Division of NAMCO LIMITED</p> <p>Jun. 1994: Representative Director and Managing Director of NAMCO LIMITED</p> <p>Apr. 2004: Representative Director and Senior Managing Director, CT Company President, and Head of CT Control Division of NAMCO LIMITED</p> <p>Apr. 2005: Senior Managing Director of NAMCO LIMITED</p> <p>Sep. 2005: Director in charge of domestic market of the Company</p> <p>Apr. 2008: Director in charge of Amusement Facility SBU of the Company President and Representative Director of NAMCO LIMITED*(current position)</p> <p>Jun. 2010: Director in charge of Amusement Facility SBU (current position)</p> <p>(Major concurrent positions) President and Representative Director of NAMCO LIMITED*</p> <p>* Newly established company through the company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p>	36,300 Shares

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
7	Manabu Tazaki (November 8, 1948)	<p>Jul. 1972: Joined McDonald's Company (Japan), Ltd. (currently McDonald's Holdings Japan)</p> <p>Dec. 1989: Joined Toys "R" US-Japan, Ltd.</p> <p>Apr. 1993: President and Representative Director of Toys "R" US-Japan, Ltd.</p> <p>Apr. 2004: Chairman, Representative Director, and Chief Executive Officer of Toys "R" US-Japan, Ltd.</p> <p>Jul. 2006: Business Advisor to the Company</p> <p>Apr. 2008: Director of NAMCO LIMITED*</p> <p>Jun. 2009: Director of the Company (current position)</p> <p>Mar. 2011: Outside Director of STUDIO ALICE Co., Ltd. (current position)</p> <p>* Newly established company through the company split of NAMCO LIMITED (currently NAMCO BANDAI Games Inc.)</p> <p>(Major concurrent positions) Outside Director of STUDIO ALICE Co., Ltd.</p>	3,100 Shares
8 (* )	Nobuo Sayama (December 3, 1953)	<p>Apr. 1976: Joined TEIJIN LIMITED</p> <p>Jul. 1987: Joined Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)</p> <p>Jan. 1999: Representative Director of UNISON CAPITAL, Inc.</p> <p>Apr. 2004: Assistant Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University and Representative Director of GCA Co, Ltd. (currently GCA Holdings Corporation)</p> <p>Apr. 2005: Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University (current position)</p> <p>Oct. 2005: Representative Director of Mezzanine Corporation</p> <p>Mar. 2008: Managing Director of GCA Savvian Group Corporation (current position), and Representative Director of Integral Corporation (current position)</p> <p>(Major concurrent positions) Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University Director of GCA Savvian Group Corporation Representative Director of Integral Corporation</p>	--- Shares

(\*)New candidate for Director of the Company

Candidate No.	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Positions)	Number of Shares of the Company Owned
9 (*)	Tomohisa Tabuchi (December 9, 1957)	Apr. 1984: Admitted to the bar in Japan Apr. 1991: Joined Mori Sogo Law Office (currently Mori Hamada & Matsumoto) Jun. 2006: Outside Corporate Auditor of NAMCO BANDAI Games Inc. (current position) Apr. 2007: Established STW & Partners Partner of STW & Partners (current position) Jun. 2010: External Director of Hitachi Medical Corporation (current position) (Major concurrent positions) Partner of STW & Partners Outside Director of Hitachi Medical Corporation Outside Corporate Auditor of NAMCO BANDAI Games Inc.	--- Shares

(\*)New candidate for Director of the Company

(Notes) 1. Each of Mr. Manabu Tazaki, Mr. Nobuo Sayama, and Mr. Tomohisa Tabuchi is candidate for Outside Director of the Company. Mr. Manabu Tazaki is currently an Outside Director of the Company; at the conclusion of this General Meeting of Shareholders, it will be about 2 years since Mr. Manabu Tazaki assumed the office of Outside Director. A Liability Limitation Agreement under Article 427, Paragraph 1 of the Companies Act, has not been concluded between Mr. Manabu Tazaki and the Company.

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

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

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

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

(2) Independence as Outside Director

The Company believes that Mr. Manabu Tazaki, Mr. Nobuo Sayama, and Mr. Tomohisa Tabuchi, who are candidates for Outside Director of the Company, have no risk of conflicts of interest with general shareholders and have a high degree of independence. The Company will file a notification that each of the candidates would be Independent Directors /Auditors as defined in the rules of the Tokyo Stock Exchange.

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

END