

# **Corporate Report 2009**

**For the year ended March 31, 2009**

By responding sensitively to the latest trends and consistently taking on new challenges, Konami has been an endless source of creativity and innovation since its establishment in 1969. In the business areas of "entertainment" and "health," we have provided customers with a diverse range of products and services through three segments: the Digital Entertainment Segment, the Health & Fitness Segment, and the Gaming & System Segment. Through continuing its legacy of tirelessly taking on challenges, the Konami Group will realize new possibilities by expanding our reach over an even wider area to provide people around the globe with dreams and everyday excitement.

### Digital Entertainment Segment

Konami leverages production expertise honed over many years with a wealth of content to develop an array of products across a wide range of fields, including computer and video game software, amusement arcade machines, card games and online games. As the ongoing development of network environments brings more opportunities to access digital content, this segment is answering diversifying customer needs not only in Japan but in overseas markets too, by stepping up efforts to develop operations globally. Our goal in this is to create products and services that deliver enjoyment in a variety of different settings in daily life to people all over the world.

### Health & Fitness Segment

In this segment, we provide a total range of health-related services to our many customers through operation of Japan's largest network of fitness clubs and through the planning, manufacture and sale of fitness machines and health-related products. In response to growing interest in health maintenance and promotion, and to answer diverse needs in these areas, this segment not only offers services within fitness clubs, but is utilizing know-how gained over the years in managing such facilities to develop new health-related products and services outside of these venues. More than ever before, we are determined to further expand our business domain in the health industry by supporting health maintenance and promotion among as many customers as possible.

### Gaming & System Segment

Konami develops, manufactures, sells, and services gaming machines for casinos and casino management systems. We have built a solid sales platform, acquiring gaming licenses in 36 states and provinces in North America as well as in all Australian states, and we cater to demand by providing gaming machines with outstanding reliability, technological innovation, and entertainment value that everyone loves.

#### Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this report with respect to our current plans, estimates, strategies and beliefs, including any forecasts, are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of information that is currently available to it, and, therefore, you should not place undue reliance on such statements. A number of important factors could cause actual results to be materially different from, and possibly worse than, those discussed in forward-looking statements. Such factors include, but are not limited to: (i) changes in economic conditions affecting our operations; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro; (iii) our ability to continue to win acceptance of our products, which are offered in highly competitive markets characterized by the continuous introduction of new products, rapid developments in technology and subjective and changing consumer preferences; (iv) our ability to expand internationally, mainly in our video game software business, card game business, and gaming machine business; (v) our ability to successfully expand the scope of our business and broaden our customer base through our health and fitness business; (vi) regulatory developments and changes, and our ability to respond and adapt to those changes; (vii) our expectations with regard to further acquisitions and the integration of any companies we may acquire; and (viii) the outcome of contingencies.

# KONAMI Group: Our Corporate Goal

## Our Corporate Goal

We, Konami Group of companies, are aiming to be a business group that is always highly-expected by all the people around the globe, through creating and providing them with “Valuable Time.”

## Brand Concept

Creating a shift from The Consumption of Time to The Value of Time. Changing all aspects of life into a bright and inspiring experience. Turning Everyday Life into High Quality Life.

Based on this corporate goal and brand concept, the Konami Group operates in three business segments:

Digital Entertainment

Health & Fitness

Gaming & System

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# To Our Shareholders and Investors

## **Aiming for Further Growth in the Areas of Entertainment and Health**

In March 2009, Konami celebrated its 40th year in business. Allow me to take this opportunity to express my gratitude to all of our stakeholders for your support and cooperation in helping Konami to reach this milestone.

In the continually evolving field of entertainment, Konami has continued to move with the times, embrace new challenges and lead the way when new eras emerged. Founded in Osaka in 1969, we have been manufacturing and marketing amusement arcade machines since 1973. In 1978, we began manufacturing video game machines using microcomputers and in the 1980s, we began creating video game software for home use. In 1997, we entered the casino gaming machine market. Moreover, since 2001, we have been preparing to meet the needs of Japan's aging society by entering the field of health, which is expected to grow in demand and attract greater interest. To this end we have been developing our Health & Fitness Segment.

Konami has steadily grown as a company over these last 40 years in the areas of entertainment and health, two important areas for society. During this time, Konami has also played a role in society.

Recently there have been upheavals in the economic environment and market trends, and other elements of uncertainty. However, by accurately grasping this changing environment and the changes in customer needs and taking quick decisive action, we are continuing to grow in our strong areas of entertainment and health.

## **Record-high Consolidated Net Revenues**

In the fiscal year ended March 31, 2009, the global economy continued to lose momentum, as financial turmoil in the United States spread to Europe, Asia and elsewhere. The economic environment in Japan saw an unprecedented level of severity as the yen's sudden and dramatic appreciation weighed on top of increased consumer thriftiness due to the recession.

In this climate, consolidated net revenues for fiscal 2009, ended March 31 2009, led by the Digital Entertainment Segment, rose to a record-high ¥309.8 billion, crossing the ¥300 billion mark for the first time in Konami's history. Consolidated operating income was ¥27.4 billion. Income was largely impacted by approximately ¥11.1 billion in business structure improvement expenses to build a more solid future business base in the Health & Fitness Segment, which has been hard hit by the recession.

We expect the economic environment to continue to be extremely difficult throughout the fiscal year ending March 31, 2010. In the face of this adversity, we are striving to improve the quality of our management, seeking to use this as an opportunity to further strengthen management. In addition to taking quick decisive action in response to the dramatic changes in the market environment, we are further emphasizing cash-flow management to enable us to flexibly respond to the economic changes affecting our businesses. We believe this will lead to a more robust management position and a stronger financial standing.

In our forecast for the fiscal year ending March 31, 2010, the Konami Group expects to achieve consolidated net revenues of ¥310 billion, and consolidated operating income of ¥30 billion, and by doing so, achieve increases in both revenues and profits.

## **Boosting the Value of the Konami Brand**

Two years have now passed since we integrated operational bases of group companies that had been scattered across Tokyo at a single location in Tokyo Midtown in April 2007. The beneficial results of this integration are steadily emerging on a range of aspects, such as more lively communication amongst the Group, greater efficiency and the strengthening of internal control. Moreover, in addition to achieving greater speed and efficiency of management, the integration of Group company offices has accentuated the size of the entire group and its trusted reputation, both

inside and outside the group, raising the value of the Konami brand.

In the future also, by achieving further Group-wide synergies on a global scale we shall continue to provide the highest level of products and services through our three segments, the Digital Entertainment Segment, the Health & Fitness Segment and the Gaming & System Segment.

### **Our Commitment to Corporate Governance and Compliance**

At Konami our corporate goal is to be a business group that is always highly expected by all the people around the globe, through creating and providing them with “Valuable Time.” Konami upholds its basic management policies of taking a shareholder-focused approach to management and maintaining sound relationships with all stakeholders while fulfilling our obligations as a responsible corporate citizen. In order to achieve open and transparent management we are striving to further strengthen the business management structure and effectively utilize this structure in our daily operations based on this corporate goal and these management policies.

In 2002, KONAMI CORPORATION listed on the New York Stock Exchange, which has the most exacting listing standards of any securities exchange in the world. Since then, we have developed internal control systems in response to the U.S. Sarbanes-Oxley Act, which was enacted to strengthen regulation for corporate governance and disclosure. Through such initiatives we have strengthened functional systems that prevent improprieties and errors. Moreover, in the future, the whole Group will make a concerted effort to realize even stronger corporate governance systems.

To promote compliance, we have established our group-wide Konami Group Conduct Charter and the Konami Group Code of Business and Ethics, and we work towards common knowledge and awareness of compliance by informing each employee about compliance principles.

Further, to prevent corporate corruption, we encourage the use of an internal notification system and rigorously protect the privacy of informants.

Furthermore, in 2000, Konami became the first Japanese company to obtain a license from the state of Nevada, in the United States, for the manufacture and sale of casino gaming machines. As of March 2009, we had obtained licenses in 36 states and provinces in North America. Those licenses not only entail thorough investigations of companies but also require continuous strict compliance by individual executives.

In order to maintain our listing on the New York Stock Exchange, and our licenses for the manufacture and sale of casino gaming machines, we must rigorously inform all Group employees about the importance of compliance.

Konami believes that such strict corporate discipline will further earn stakeholder trust.

### **Shareholder-focused Management**

Our shareholder-focused management holds to a basic policy of providing stable and substantial dividends to return profits to our shareholders. In deciding the dividend amount we consider overall factors including our operating results and the business environment, and the need to strengthen our financial standing by expanding internal reserves to ensure the perpetuity of the company. In the fiscal year ended March 31, 2009, Konami paid a full-year cash dividend of ¥54 per share for the ninth consecutive year.

By providing a stable dividend that is consistent with a long-term perspective, we believe we have met the expectations of our shareholders and we plan to continue to do so in the future.

We also strive to increase the return that we make to shareholders. In addition to providing special shareholder benefits to shareholders owning 100 or more shares, we also acquired treasury stock in the fiscal year ended March 31, 2009.

## Social Contribution Activities

Konami has made benefiting society as a good corporate citizen one of its core policies of corporate management. We are returning benefits to society through our business activities in the fields of entertainment and health, including social activities via game development, our local community support operations that form part of the operation of our

fitness clubs, and our health support projects. Also, in addition to our initiatives to prevent global warming, our environmental protection efforts and our efforts to foster human resources through industry-university cooperation, we also support the activities of various sports and cultural organizations; for example, Konami is an official sponsor of the Japan Professional Football League (J.LEAGUE).

### Social Contribution Activities

#### ○ Social contribution through games

##### FOOD FORCE

Konami is assisting in production of the Japanese-language version of FOOD FORCE, a PC game being distributed to promote understanding of the food assistance activities of the United Nations World Food Programme (WFP). The game is freely available for download over the Internet.

FOOD FORCE is a reality-based game produced by the WFP to encourage better understanding and knowledge of global hunger, as well as the programme's efforts to provide emergency food assistance. More than 6 million copies of the game have been downloaded or distributed via CD-ROM worldwide.

The game is being used as part of educational materials to teach children about hunger in classrooms in the U.S., the U.K., Italy, Germany, France, Japan, and a host of other countries, and is being made available in 14 languages besides English, including Arabic and Chinese.

Two Japanese-language versions of the game—one for general audiences and one aimed at children—are available for free download from Konami's corporate website.

The Kozuki Foundation for Sports and Education has assisted in the production of the Japanese-language version of the Teacher's Guide and game CD-ROMs to encourage the uptake of FOOD FORCE among schools and educators.

##### DanceDanceRevolution

Konami's music game DanceDanceRevolution (DDR), is being used in the U.S. state of West Virginia as a tool for combating the problem of childhood obesity.

Since January 2006, based on a partnership agreement between Konami and the state of West Virginia, DDR has been implemented in the physical education and health-related curriculums at all public junior high and high schools throughout the State. Now fully integrated at all public junior high and high schools, DDR is currently being introduced into elementary school curriculums as well.

Children attending these schools have shown increased interest in fitness and activity through playing DDR. DDR encourages children to engage in fitness and fun by dancing to choreographed steps through easy to use and interactive gameplay. Playing the game provides children an alternative means to exercise, which is the key factor in improving and maintaining a healthier lifestyle. Additionally, studies have shown DDR, when used over long periods, also improves overall health and can reduce the risk of diabetes.

Other organizations outside of West Virginia have also begun to introduce DDR as part of their physical education programs, a trend that should gain momentum going forward.



○ **Commitment to the environment**

Utilization of solar power generation, promotion of modal shift, Team Minus 6%, Utilization of Green Power Certification System, seashore cleanup

○ **Academic and cultural support**

Fostering human resources through industry-university cooperation

○ **Sponsorships**

Official sponsor in Asia of the '09 World Baseball Classic™

Official partner of the Nippon Professional Baseball Commissioners Organization

Sponsor of KONAMI Series: Play Ball! 2008 held by the Japan Professional Baseball

Players Association

Official sponsor of the Japan Professional Football League

○ **Sports activities**

Konami Swimming Team, Konami Gymnastics Team

○ **Related foundation**

Projects conducted by the Kozuki Foundation for Sports and Education include “Support Sports Athletes,” “Kozuki Sports Award,” “Subsidy for Sports related Research Activities,” “Subsidy to Cartoonists,” and “Support Venture Business.”



Konami sponsored KONAMI Series: Play Ball! 2008 held by the Japan Professional Baseball Players Association



Ceremony of the 2008 Sports Athletes Support Program

Furthermore, the foundation related to Konami develops public projects for promoting and developing sports, education and cultural activities. Such projects include discovering and fostering tomorrow's valuable human resources, subsidizing research and supporting athletic meetings. In today's world, amidst concerns over the economic environment and social instability, we aim to remain important to society as a company and are pressing forward to realize a future filled with hope and to contribute to the growth of society.

Konami will use its wealth of innovative technology and expertise to realize the highest level of products and services. We aim to continue being a business group that people worldwide always look to expectantly, by continuing to create and provide “Valuable Time.”

On behalf of the Konami Group, I ask our shareholders and investors for their continued support and encouragement.

August 2009

**Kagemasa Kozuki**

Representative Director, KONAMI CORPORATION

# CONSOLIDATED FINANCIAL HIGHLIGHTS (U.S. GAAP)

KONAMI CORPORATION and Consolidated Subsidiaries

Years ended March 31, 2007, 2008, and 2009, and forecasts for the year ending March 31, 2010

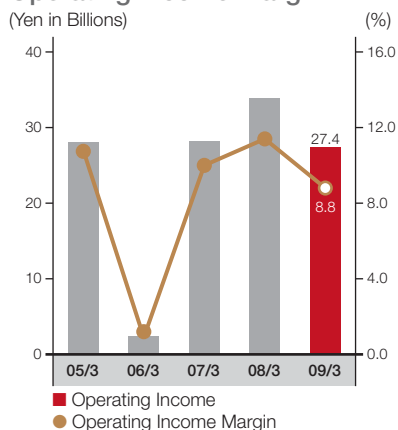
## CONSOLIDATED PERFORMANCE

	Yen in Millions (except per share data)			U.S. Dollars in Thousands (except per share data)	Yen in Millions (except per share data)
	2007	2008	2009	2009 <sup>(2)</sup>	2010 (Forecasts)
<b>Income Statement Data:</b>					
Net revenues	¥280,279	¥297,402	<b>¥309,771</b>	<b>\$3,153,527</b>	¥310,000
Operating income	28,145	33,839	<b>27,361</b>	<b>278,540</b>	30,000
Net income	16,211	18,345	<b>10,874</b>	<b>110,699</b>	16,000
Basic net income per share (yen)	118.15	133.63	<b>79.30</b>	<b>0.81</b>	119.88
Cash dividends per share <sup>(1)</sup> (yen)	54.00	54.00	<b>54.00</b>	<b>0.55</b>	—
<b>Balance Sheet Data:</b>					
Total current assets	¥138,261	¥140,079	<b>¥136,675</b>	<b>\$1,391,377</b>	—
Total assets	304,657	319,248	<b>301,670</b>	<b>3,071,058</b>	—
Total current liabilities	82,466	75,113	<b>62,386</b>	<b>635,101</b>	—
Total long-term liabilities	44,832	57,052	<b>55,745</b>	<b>567,495</b>	—
Total stockholders' equity	174,662	182,759	<b>178,632</b>	<b>1,818,508</b>	—
<b>Other Data:</b>					
ROE	9.6%	10.3%	<b>6.0%</b>	—	—
ROA	5.3%	5.9%	<b>3.5%</b>	—	—

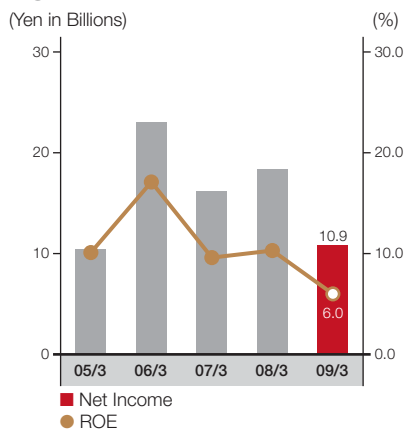
Notes: (1) Cash dividends per share consist of an interim dividend paid during the year, as well as a year-end dividend to be paid after March 31.

(2) The U.S. dollar amounts included herein represent a translation using the mid-price for telegraphic transfer of U.S. dollars for yen quoted by The Bank of Tokyo-Mitsubishi UFJ, Ltd., as of March 31, 2009, of ¥98.23 to \$1 and are included solely for the convenience of the reader. The translation should not be construed as a representation that the yen amounts.

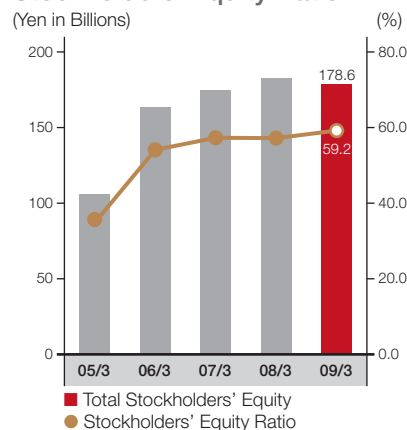
### Operating Income Operating Income Margin



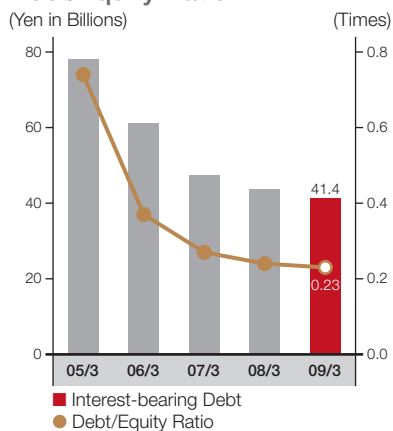
### Net Income ROE



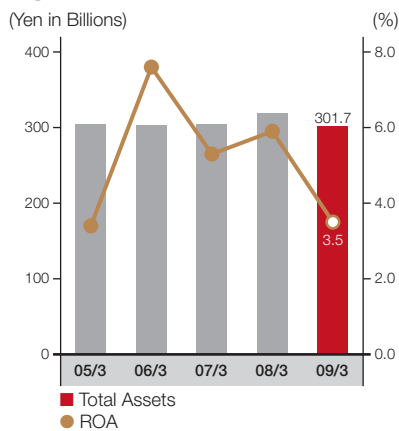
### Total Stockholders' Equity Stockholders' Equity Ratio



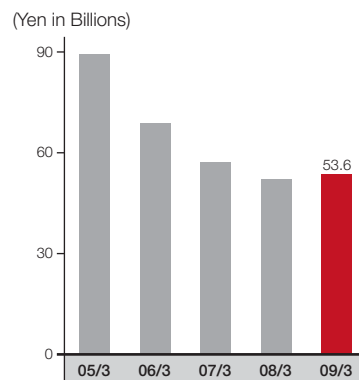
### Interest-bearing Debt Debt/Equity Ratio



### Total Assets ROA

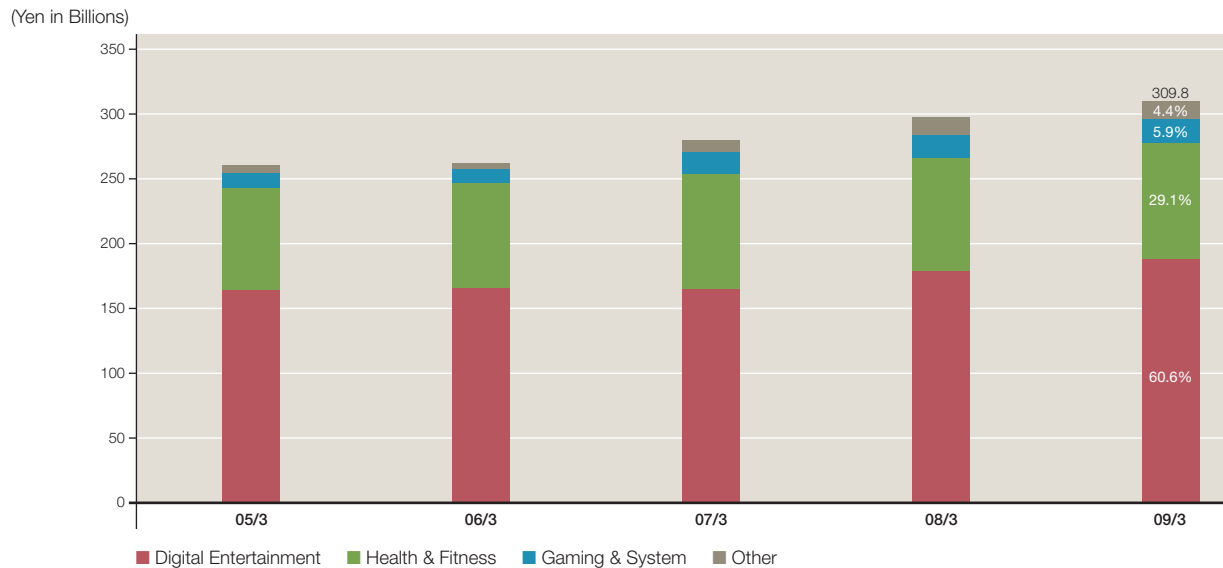


### Cash and Cash Equivalents



## Posting of Record Net Revenues

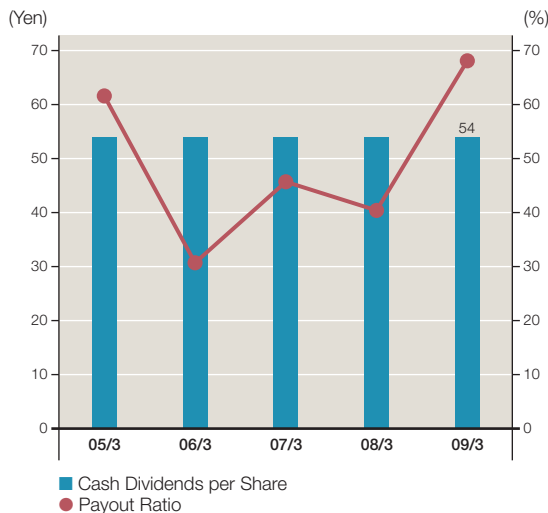
The Konami Group operates a stable business portfolio consisting of three operations: the Digital Entertainment Segment, the Health & Fitness Segment, and the Gaming & System Segment. In the fiscal year ended March 31, 2009, the Konami Group posted record high consolidated net revenues of ¥309.8 billion, surpassing the ¥300 billion mark for the first time in its history.



## High Yet Stable Dividends

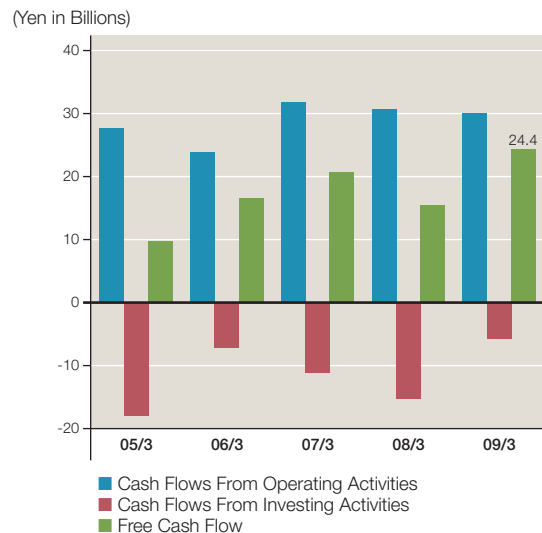
For the ninth consecutive fiscal year, Konami paid a cash dividend of ¥54 per share.

## Cash Dividends per Share and Payout Ratio



## Free Cash Flow

Free cash flow, the sum of cash flows from operating and investing activities, was ¥24.4 billion.



# Konami's Year in Review

■ Digital Entertainment Segment ■ Health & Fitness Segment ■ Gaming & System Segment

- Development of *Yu-Gi-Oh! 5D's Trading Card Game* series (Card Games)



©1996 KAZUKI TAKAHASHI ©2008 NAS-TV TOKYO  
\* Starter deck released in March

- Opening of Konami Sports Club Shin-Nagata

- Simultaneous world release of *METAL GEAR SOLID 4 GUNS OF THE PATRIOTS* (Computer and Video Games)  
Queues of fans in each country



- Openings of Konami Sports Club Musashi-Kosugi and Konami Sports Club Imazato

- Exhibition at HEALTH & FITNESS JAPAN 2008

- As a first in Japan, introduction of program to combat metabolic syndrome involving the use of new supplement *GLAVONOID™*



- Brilliant performances by swimmers Takuro Fujii, Maki Mita and gymnast Makoto Okiguchi at Beijing 2008 Olympic Games



- Exhibition at Europe's biggest game preview show, Games Convention 2008 (Computer and Video Games)

2008 April

June

August

May

July

September

- Release of *JKKYOU PAWAFURU PUROYAKYU PORTABLE 3* (Computer and Video Games)



©NBP2009

- Operation start of *MAH-JONG FIGHT CLUB 7* (Amusement Arcade Machines)



- Operation start of *jubeat* (Amusement Arcade Machines)



- Exhibition at 2008 E3 Media & Business Summit (Computer and Video Games)

- Release of *QUIZ MAGIC ACADEMY DS* (Computer and Video Games)



- North American release of *DanceDanceRevolution HOTTEST PARTY 2* (Computer and Video Games)

- Exhibition at Tokyo Game Show 2008 (Computer and Video Games)

- Europe release of *PRO EVOLUTION SOCCER 2009* (Computer and Video Games) and inclusion of UEFA Champions League mode, the most prestigious trophy in Europe



- Opening of Konami Sports Club Kakogawa

- Release of *A penguin's troubles saikyo penguin densetsu!* (Computer and Video Games)

- Start of a health management service for exercise and diet, etc. at the *Konami Sports Club* mobile website



- Release of *HEART TRAINER™* a wrist-watch pulse meter requiring only a two-finger touch to provide a reading in seconds

- Exhibition at AOU 2009 Amusement Expo (Amusement Arcade Machines)

- Approx. 6,500 enthusiastic fans at Les Mills event The celebration of Les Mills Japan 10th anniversary was led by its developer from New Zealand, where it originated.



- Start of the online distribution of *DanceDanceRevolution S* for iPhone/iPod touch (Mobile Contents) A new sensation music game with intuitive operation

October

December

February

2009

November

- Release of *Enchanted Folk and the School of Wizardry* (Computer and Video Games)



- Openings of Konami Sports Club Izumi-Chuo and Konami Sports Club Kawaguchi

- Exhibition of Konami's latest machines at Global Gaming Expo 2008 (Las Vegas)



January

- Holding of Konami Open Competitive Swim Meet 2009, a swimming tournament recognized by the Japan Swimming Federation



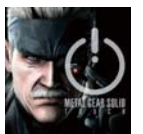
KONAMI OPEN 2009

March

- Newest title in the *Mobile Pawafuru Puroyakyu* series Readvent of '09 WORLD BASEBALL CLASSIC™ for portable devices (Mobile Contents)



- Start of the online distribution of *METAL GEAR SOLID TOUCH* for iPhone/iPod touch (Mobile Contents)



- *METAL GEAR* series director Hideo Kojima won the Lifetime Achievement award at the Game Developers Choice Awards (Computer and Video Games)

- Exhibition at CMAA Hospitality Expo (Sydney)

## Performance by Business Segment

### Digital Entertainment

Computer & Video Games business: METAL GEAR SOLID 4 GUNS OF THE PATRIOTS, released simultaneously around the world in June 2008, was named Game of the Year by GameSpot, a major U.S. gaming site, in GameSpot's Best of 2008 roundup of winning titles. The game exhibited its strength as a brand, winning a total of six "game of the year" titles at U.S. and European gaming sites. The METAL GEAR series steadily increased its sales, with total units of this series sold surpassing 4.75 million worldwide. The online distribution of METAL GEAR SOLID TOUCH, which recreates the world of METAL GEAR SOLID 4 GUNS OF THE PATRIOTS for iPhone/iPod touch, began in Japan, North America and Europe in March, 2009. It is proving popular, capturing the No. 1 position in the App Store application ranking in Japan on the day of its release.

Meanwhile, a license agreement was concluded with the Union of European Football Associations (UEFA) for WORLD SOCCER Winning Eleven 2009 (known as PRO EVOLUTION SOCCER 2009 in the U.S. and Europe), the latest title in the soccer game series. The inclusion of the much-awaited UEFA Champions League mode further enhanced the strength of this product, with 8.48 million units sold for the Winning Eleven series overall.

In Japan, QUIZ MAGIC ACADEMY DS (the Nintendo DS version of QUIZ MAGIC ACADEMY found at amusement arcades) as well as Enchanted Folk and the School of Wizardry (a communication game about campus life at a school of wizardry) and GENSO SUIKODEN TIERKREIS (a fantasy RPG game) were released to favorable reviews. Strong sales were also seen by the animation title *A penguin's troubles saikyo penguin densetsu!* and standard baseball titles such as *Pawapurokun Pocket 11*, JIKKYOU PAWAFURU PUROYAKYU 2009 and JIKKYOU PAWAFURU PUROYAKYU NEXT, which contributed to stable revenues.

Amusement business: Sales continued to be favorable for games utilizing the e-AMUSEMENT service that links amusement arcades nationwide in Japan through its network, including MAH-JONG FIGHT CLUB 7. Furthermore, sales were steady for BASEBALL HEROES 2008 SEIHA and QUIZ MAGIC ACADEMY VI.

Among token-operated games for commercial arcades, FantasticFever3 Twinkle Fairytale achieved favorable sales, as did GRANDCROSS PREMIUM (an extra-large token-operated game machine). A change in product demand, however, is being seen as the impact of the harsh market environment became obvious from October 2008.

Card games business: The YU-GI-OH TRADING CARD GAME series continued to mark favorable sales.

In North America, the DanceDanceRevolution series and KARAOKE REVOLUTION American Idol ENCORE 2, which was sold under multiple platforms, continued to enjoy strong sales. Meanwhile, repeat sales of DanceDanceRevolution SuperNOVA 2, DanceDanceRevolution HOTTEST PARTY and KARAOKE REVOLUTION American Idol ENCORE also progressed well. Castlevania Order of Ecclesia also saw favorable sales, spurred by the popularity of the AKUMA JOURNALS DRACULA (overseas name: Castlevania) series.

In Europe, DancingStage HOTTEST PARTY enjoyed healthy sales, with sales of Silent Hill Homecoming (the latest title in the Silent Hill series) also brisk. In addition to the latest soccer titles, PRO EVOLUTION SOCCER 2008, released in the previous fiscal year, maintained its popularity while enjoying steady sales, doing particularly well in its Wii® version. Meanwhile, online distribution of GTI Club+ RALLY COTE D'AZUR, (a driving game that can be played in an online multiplayer mode) began at the PlayStation Store.

As a result of the above, consolidated net revenues for the year ended March 31, 2009 of this segment amounted to ¥187,628 million (a year-on-year increase of 4.9%).

### Health & Fitness

Operation of fitness clubs: Competition in the opening of new fitness clubs and the capture of new members continues to be severely intense in the fitness club industry as business performance worsens from the impact of the financial unrest experienced since last year. Personal spending, moreover, remains suppressed due to uncertainty over future income and employment. Against such a backdrop, Konami strove to enhance the quality of its services and products, both within and outside its facilities, through the opening of new fitness clubs and expansion of its product lineup.

Regarding directly managed facilities, a total of five new fitness clubs were opened in the following areas: Shin-Nagata (Hyogo Prefecture), Musashi-Kosugi (Kanagawa Prefecture), Imazato (Osaka Prefecture), Izumi-Chuo (Osaka Prefecture), and Kawaguchi (Saitama Prefecture). In addition, an existing facility in Kakogawa (Hyogo Prefecture) was moved, renewed and expanded. Every effort was made to provide services and facilities, such as an open-air bath, specialized pool for walking, women-only wellness room or spacious gyms, matching the characteristics of each area.

The Targeting Waist Program was introduced simultaneously in August 2008 at all directly owned fitness clubs throughout Japan. This is a program for providing one-stop support for countering metabolic syndrome through everything from workouts utilizing specialized Konami original exercise machines to the provision of supplements and health management outside of Konami facilities. Services that only Konami can offer were provided to members whose awareness of health is becoming stronger.

Operation of sports facilities outsourced to us: In the management of sports facilities outsourced to Konami, nine facilities, including Kawaguchi City Tozuka Sports Center (Saitama Prefecture) and Shitsugen no Kaze Arena Kushiro (Hokkaido Prefecture) were added to our portfolio. We made full use of Konami's know-how and track record in the operation of such public facilities and advanced the promotion of the health of community residents.

As a result, the number of facilities managed—both directly and on an outsourced basis—by Konami as of March 31, 2009 was 345 nationwide.

Health products: we launched new products including the AEROWALKER 2200 (a treadmill for home use) and PROTEIN PRO, a protein drink. The new products are enjoying favorable reviews. Furthermore, a major renewal of the Konami Sports Club website for mobile phones was made in December 2008. At the same time, we launched a new service that allows users to record the content of their exercise and eating habits and view and analyze such results as the number of calories that need to be burned or nutritional balance. When used in combination with e-XAX, the health management service utilizing IT found at Konami Sports Clubs, it becomes possible to automatically record a member's exercise history at a Konami Sports Club at the website. As such, we

promoted the enrichment of services, both within and outside our facilities, through the computerization of health management and new product development.

As a result of the above, consolidated net revenues for the year ended March 31, 2009 of this segment amounted to ¥89,965 million (a year-on-year increase of 4.0%).

## Gaming & System

In the North American market, sales of Advantage 5 (mechanical slot machine) and the K2V (video slot machine) series, which has become a standard item, continued to be brisk. Furthermore, sales through participation agreements (equipment sales in which profits are shared), which ensure stable revenues, as well as sales of the Konami Casino Management System (KCMS), which secure regular income from maintenance and servicing, are also on the rise. Konami is steadily capturing market share in the gaming and system sector. We have established a distributor network for the Central and South American market, and full-fledged sales activities have begun in the region.

Meanwhile, demand has decreased in the Australian market due to the economic slowdown, restrictions placed in key states on the number of machines installed, the impact of smoking restrictions in clubs and pubs and tax code revisions. The sale of Konami slot machines has been affected as well. In this climate, Konami is striving to improve sales and gain new customers within and outside Australia by promoting the full-fledged adoption of the KCMS (the first of its kind in Australia for Konami) by major casino groups, sales of the mechanical slot machine Advantage 5, the ongoing injection of new products, and the enhancement of services to existing customers.

Our gaming machines have been exhibited at various trade shows around the world, including the Global Gaming Expo (November/Las Vegas). The Advantage 5 series and the KCMS, which are both the center of attention in North America, the K2V series with new content or new concept free games installed, and the Podium, a next-generation cabinet (outer structure) currently under development, were on display at the tradeshow and attracted much attention.

As a result of the above, consolidated net revenues for the year ended March 31, 2009 of this segment amounted to ¥18,336 million (a year-on-year decrease of 0.7%).

## Future Vision and Growth Strategy by Segment

### Digital Entertainment Segment

In today's world, where network infrastructures are developing and there are ever-increasing opportunities for people to come into contact with digital content, Konami aims to provide products and services that provide genuine amusement to people across the globe by clearly identifying customer needs, drawing on our accumulated production know-how and content assets, and demonstrating outstanding creativity.

#### Developing a Balanced Business Portfolio

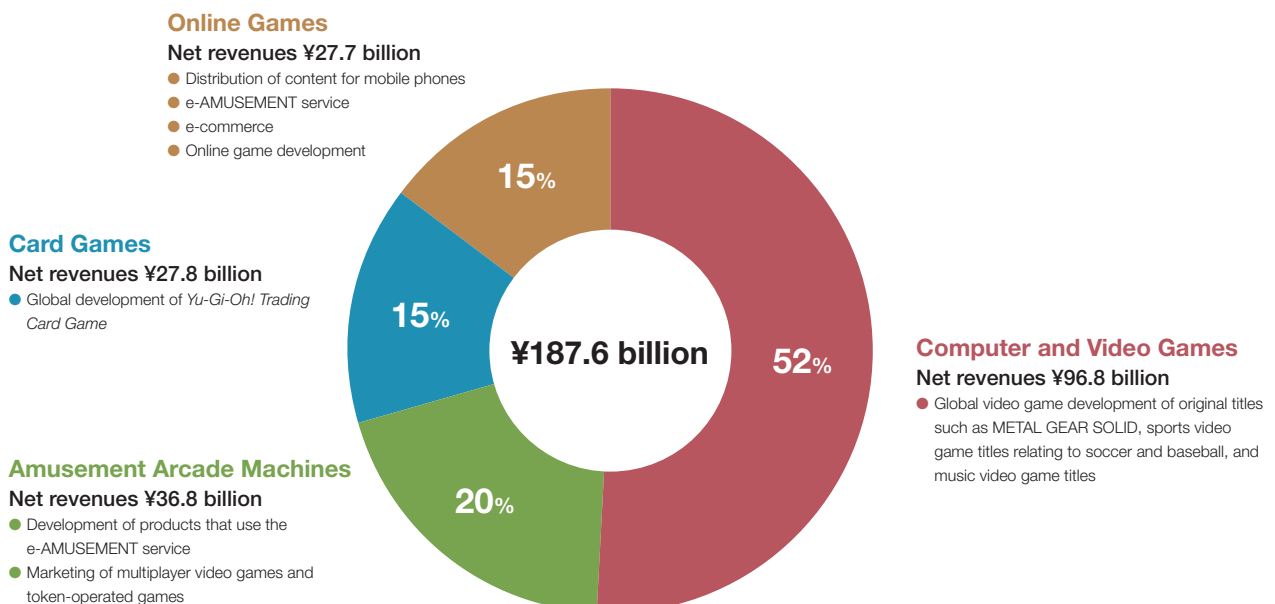
The business activities of Konami's Digital Entertainment Segment began at the start of the 1970s when we started to manufacture and market amusement arcade machines. With the birth of video game systems in the 1980s, Konami quickly commenced production of video game software for such systems and to this day continues to provide new and original entertainment in the fields of amusement arcade machines and video games. Furthermore, we are developing a balanced business portfolio which, with the addition of our card games business that draws on popular content and our online games business that fully utilizes information technology, now comprises four sub-segments: computer and video games, amusement arcade machines, card games, and online games.

#### Responding to Customer Needs in a Fast-changing Business Environment

##### Establishment of a flexible organizational structure that can constantly respond to change

The global economy is currently entering an era of tremendous change. Then again, in Konami's main field of business, the digital entertainment industry, the need to address change has remained a constant no matter what the era. This "change" includes changes in the "stimulation" that customers constantly ask for in their "play"; in other words, changes in customer interests and preferences. No matter what era we live in, customers demand new stimulation from the elements of fun, interest and surprise in entertainment. Our continual growth in the digital entertainment industry depends on our ability to accurately grasp this change. Until now, Konami has been able to continually grow in this industry by always being able to quickly identify and respond to

#### Net Revenues Breakdown by Sub-segment (fiscal 2009)



changes in its customers. We believe our ability to achieve this is due to our flexible organizational structure.

### The need right now is a “sense of security”

Since the second half of 2008, the retail distribution industry and the amusement facility industry, which are both our customers, have been adversely impacted by the credit crunch that followed from the worsening of economic confidence, putting them in a difficult business environment. General customers, the end-users in these industries, were also impacted: their outlook on the economy became grim and their tendency was to spend less. As a result, per-capita leisure spending began to decrease, with consumers becoming more selective and discerning with respect to new products and services that would have previously been more warmly embraced, purchasing only those that they really want or need.

In this environment, compared to new titles with unknown entertainment value, there has been a greater trend to embrace franchise titles, or brand titles that offer the sense of security provided by guaranteed entertainment value based on past results and popularity.

### Stable Growth of Franchise Titles and Utilization of Existing Intellectual Property

Alongside the *METAL GEAR* series, for which global cumulative unit sales exceed 27 million units, Konami is fostering many globally recognized and popular franchise titles based on the themes of sports and music. Such titles include the *Winning Eleven* series *PRO EVOLUTION SOCCER*, whose global cumulative unit sales exceed 54.5 million units, and the *DanceDanceRevolution* series, whose global cumulative unit sales exceed 14 million units.

#### METAL GEAR series



Since its birth in Japan in 1987 as the first stealth action video game where players avoid unnecessary combat, hiding from enemies as they progress, the *METAL GEAR* series has gradually offered a richer playing experience as video game systems have evolved. This title has a strong following in Japan and worldwide.

#### Soccer video game *Winning Eleven* series



Market enthusiasm for this title is expected to expand continually due not only to soccer's popularity worldwide, especially in Europe, but also because the world's largest soccer tournament in 2010 is fast

approaching. Sales of the soccer video game *Winning Eleven* series continue to expand and its brand value is rising ever higher.

#### *DanceDanceRevolution* series



In addition to the music video game *DanceDanceRevolution* being a major sensation in Japan, sales continue to steadily expand in North American and European markets. Looking ahead, more

sophisticated dance video games and new play are planned; for example, for the Wii, in addition to dance steps, which are the special feature of *DanceDanceRevolution*, Wii®-controller operated choreography will be added. Moreover, the number of step buttons on the mat controller for PLAYSTATION®3 will be upgraded from 4 to 8 step buttons.

\* This information is current as of June 2009. Product specifications may change.

#### *Castlevania* series



Uniquely atmospheric, set in an engrossing game universe, and featuring polished sound effects, *Castlevania* has been growing as a popular series since its first release in 1986. The game's unique whip-

action, which was a departure from conventional game operation, has been particularly well received. The upcoming version, *Castlevania ~Lords of Shadow~* is being produced under the guidance of Hideo Kojima, the director of the *METAL GEAR* series. By working jointly with European production companies, we aim to revive the game as a new *Castlevania* with a stronger global market focus.

\* This information is current as of June 2009. Product specifications may change.

In particular, by owning numerous franchise title series such as those related to popular sports and music, where there is ongoing demand for sports data to be updated each year and for new songs to be added, there is a strong expectation of stable growth. This aspect of the digital entertainment industry is why it is sometimes described as the “hit business.”

We aim to target those titles integral to Konami’s 40-year history with a proven record recognized by many customers, and revive them into more satisfying products by introducing added value to content by achieving realism, rendering and playability that reflect current demand.

#### List of Franchise Video Game Titles

Title	Date of first release	Cumulative unit sales (million units)
<i>Winning Eleven</i> series	1995	54.5
<i>METAL GEAR</i> series	1987	27
<i>PAWAFURU PUROYAKYU</i> series	1994	17
<i>DanceDanceRevolution</i> series	1999	14
<i>SILENT HILL</i> series	1999	6.7

\* As of March 31, 2009

#### Multi-place: Maximizing Synergistic Effect among the Digital Entertainment Sub-segments

In the four sub-segments, computer and video games, amusement arcade machines, card games and online games, Konami is promoting “multi-place,” which provides entertainment that suits the place.

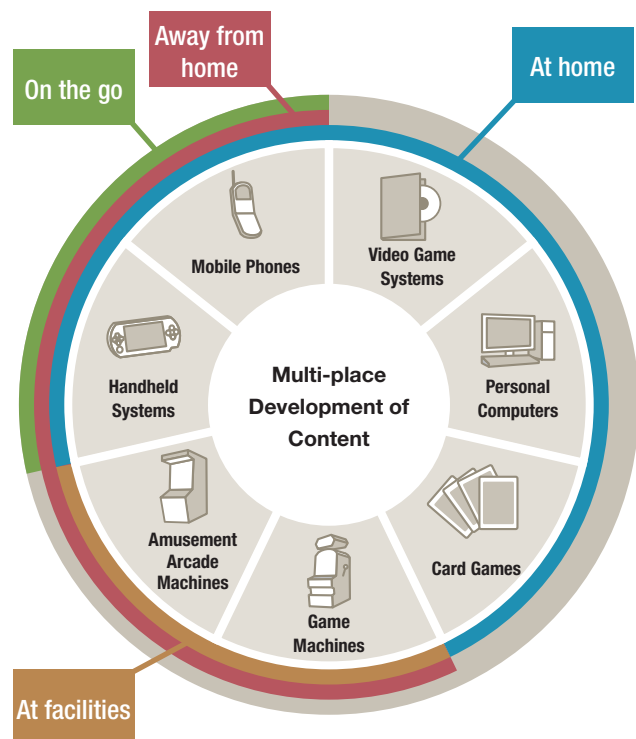
“Multi-place” is different from “multi-platform,” which involves changing the specification to suit the platforms of all game machines; rather, it refers to the provision of a single kind of content in a way that is suited to customer needs and style of play at the given place.

The entertainment that is most enjoyable depends on the situation; for example, focused solo play at home, play while enjoying the ambience of the situation such as

communicating with friends or family at an amusement arcade facility, challenging anonymous users remotely, light play during opportunities during transit, and play that includes face-to-face communication.

Konami aims to provide customers with the ultimate entertainment for the place, anytime, anywhere, through “multi-place” development of popular content that draws on synergies between the four sub-segments: computer and video games, amusement arcade machines, card games, and online games. At the same time, from a production standpoint such development has the merit of enabling effective utilization of in-house content, raising synergy effects among segment operations and achieving a good balance of business development.

#### Multi-place Development of Content



## Global Organizational Structure and Strategy

Even during this worldwide economic slowdown, the game market continues to be a promising growth market, particularly in the U.S. and Europe. Konami aims to continue further strengthening its global development into the future.

Our first priority is to strengthen global franchise titles. By establishing a structure that allows games to be jointly developed with major overseas production studios, and enlisting talented overseas creators, we aim to create global franchise titles that respond to overseas needs that differ from those of the Japanese market.

Such a structure will allow the fusion of Konami's strength of "game design," involving technology that pursues the intrinsic interest factor of games, with the technology design capabilities possessed by production studios in the U.S. and Europe, which we expect will provide Konami with the necessary know-how to produce new and original games.

We are also strengthening our regional distribution networks for our card games business; for example, we are conducting our own distribution operations in the North American region, which we commenced in 2008.

## Utilizing Online Networks to Expand Product and Service Development

As a result of the sophistication of network environments as information technology advances and technological innovations in the respective platforms of video game systems, amusement arcade machines, mobile phones, and personal computers, we realize the growing importance of proposing new gameplay that utilizes online networks in the field of entertainment.

We are providing game play with new added value; for example, in addition to developing *METAL GEAR ONLINE* for video game systems, and *GTI Club+ RALLY COTE D'AZUR*, for which download distribution has begun in the U.S. and Europe, Konami has begun multi-faceted development of franchise titles such as *METAL GEAR SOLID*

*TOUCH* and *DanceDanceRevolution S* for upgraded function and higher capacity mobile devices (iPhone/iPod touch).

Moreover, by utilizing the online service e-AMUSEMENT, a cutting-edge addition to the amusement industry, we have introduced MILLIONET, which offers an online connection to multiple token-operated games in amusement facilities. By providing new play for customers visiting such amusement facilities, we aim to promote the revitalization of these facilities across the board.

In the online field, which is expected to expand globally, we will continue to expand product and service development that is driven by our unique information technology.

## METAL GEAR ONLINE



## METAL GEAR SOLID TOUCH



## DanceDanceRevolution S



## Future Vision and Growth Strategy by Segment Health & Fitness Segment

In today's society where interests, preferences and lifestyles are changing at a dizzying pace, Konami strives to accurately grasp the multiplicity of customer needs and support the health of everyone. While aiming to make the space at Konami Sports Club an even better one for customers, we continually find ways to enhance and add high value to the services and products that we offer.

### Providing a Total Service Related to Health

Konami has been operating the Health & Fitness Segment since 2001. Our strengths are our expertise gained from operating one of Japan's largest fitness club networks comprised of 345 facilities nationwide (228 directly managed fitness clubs, 117 fitness clubs managed on behalf of other organizations), and our capabilities as a manufacturer that enable us to develop and manufacture original fitness machines that utilize Konami's production expertise, as well as plan and develop, in-house, various supplements and other products. We are in a unique position to verify the

effectiveness of the equipment, products and services we have developed at our own fitness clubs, and draw on this knowledge in our product development.

We leverage these strengths to maximum advantage as we constantly aim for new and enhanced health-related devices, products, services and programs. Moreover, the synergies that emerge from incorporating information technology into health management and offering a more extensive range of health-related products enhance our provision of a total health-related service to many customers.

### Further Steps Forward in the Health & Fitness Segment

The fitness sector, which recently has faced increased competition as more fitness facilities have opened in response to diversification of customer preferences and growing propensity towards a healthy lifestyle, has also had to deal with the drop in consumer confidence that started in October 2008 due to the economic recession. Although the number of fitness facility users has increased, so too has the number of fitness facilities, which has resulted in a trend of decline in the number of members per fitness club facility.

Diagram of Health & Fitness Segment Synergies



Compared to the U.S. and Europe, Japan's fitness participation rate is still low, and we see large untapped pools of potential customers. We are endeavoring to verify just how many people we can get to join our fitness clubs and are demarcating ourselves from the competition by, among other things, promoting Konami's unique programs and IT-enabled health management systems. We intend to continue these efforts into the future, while building and strengthening services suited to customer needs.

In the markets that make up the Health & Fitness Segment, there is a rising sentiment to maintain or improve health; for example, people are becoming increasingly interested in preventing metabolic syndrome and other lifestyle-related diseases, for which designated health checkups and health guidance have been mandatory since April 2008. Moreover, on a national government level, initiatives aimed at reducing medical expenses by using preventative medicine are in full swing, and concentrate on establishing exercise habits and improving diets.

We believe that our future initiatives in response to such sentiment entail not only the provision of services inside fitness club facilities but also a switch to a focus on the provision of new products and services outside of facilities.

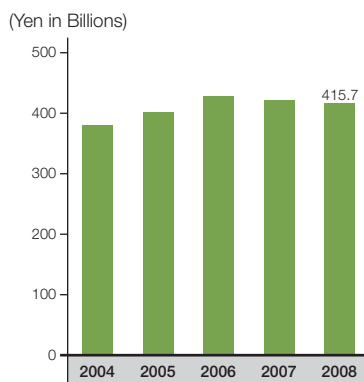
## Developing Konami Sports Clubs to Cater to Diverse Customer Needs

At Konami, we have long provided many customers with total health-related services by drawing on our strengths: our nationwide network of fitness facilities, our people, who through collaboration with educational institutions, provide proper guidance, our health-related devices, products, services and programs, which are effective and highly practical, and our IT-enabled health management systems.

Accompanying this growing health awareness is a growing diversification of customer preferences and lifestyles. So that we can cater to customers with differing objectives, rather than providing a one-size-fits-all set of products and services, we are developing our Konami Sports Clubs to cater to diverse customer needs, individual lifestyles, exercise habits and regional characteristics.

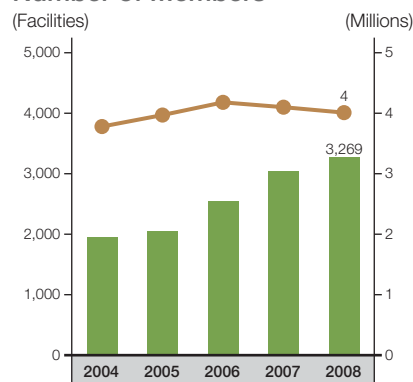
By providing such a diverse range of products and services, the enhancement of value that we create in both our fitness facility operations and our development of products and services will enable us to develop our business in ways that help a wider range of customers to maintain or improve their health.

### Size of Market



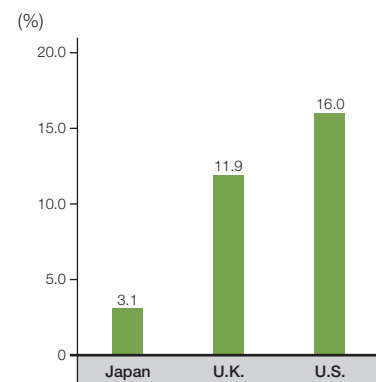
Source: Fitness Club Business Japan 2008

### Number of Facilities and Number of Members



Source: Fitness Club Business Japan 2008

### Fitness Participation by Country



Source: The IHRSA Global Report 2009

## Developing New Products and Programs to Provide Total Health Support

Konami's focus is on providing total support for not only exercise but also other areas such as dietary advice, management of health data and utilization of supplements. We focus on developing new health-related products and programs that complement exercise to create synergies.

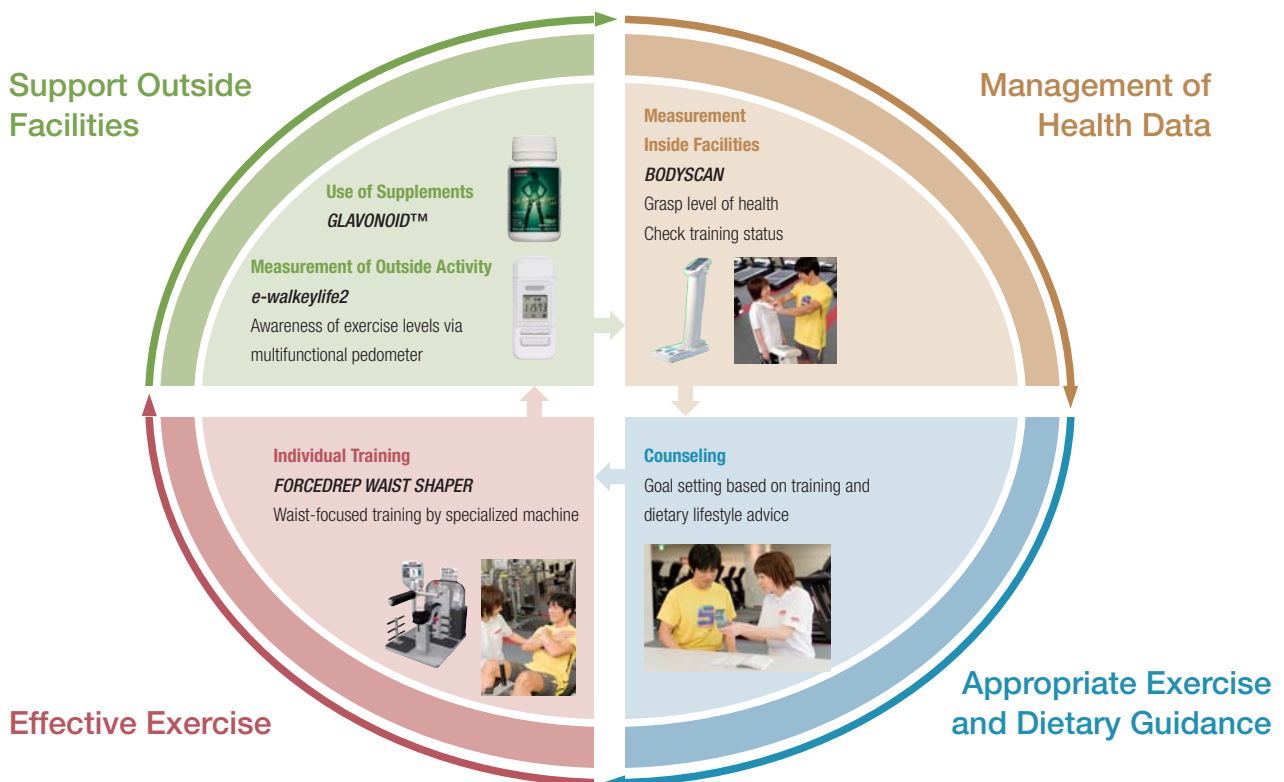
In August 2008, responding to the increasing interest in preventing metabolic syndrome and other lifestyle-related diseases, Konami simultaneously introduced the *Targeting Waist Program* at all directly owned fitness clubs in Japan. This is Konami's original program for combating metabolic syndrome.

The *Targeting Waist Program* is a new program designed to enhance results from exercise. It includes training on Konami's original specialized machines, exercise and dietary advice from instructors, management of daily exercise levels using *e-walkeylife2*, a pedometer with USB connectivity, and our new supplement *GLAVONOID™*.

The original health-related products that we develop are not restricted to sales at Konami Sports Clubs; aiming to help more customers maintain or improve their health on a broader scale, we also expanded our sales network to include Internet sales, mail-order sales, and sales in collaboration with the Tokyo Regional Office of Japan Post Network Co., Ltd.



### Targeting Waist Program



### Drawing on Expertise of Nationwide Facility Operation to Stably Expand the Facilities Outsourced to Us

Konami's operations include management of various sports facilities on behalf of other organizations, such as public sports facilities operated by national or local governments, and fitness facilities installed in companies by private-sector corporations for the wellbeing of their employees. The number of facilities that we manage under contract, which can take various forms such as designated manager systems or PFI programs,\* is increasing each year. By drawing on our expertise and experience accumulated through directly managed fitness clubs, we strive to provide the same products and services as our Konami Sports Clubs through high-quality service and efficient management.

We strive to promote participation in exercise by everyone in the local community and contribute to revitalizing local society as a new part of that community by proposing programs and detailed services tailored to the particular characteristics of the region such as population, age, and fitness participation rates.

\* PFIs (Private Finance Initiatives) are programs where the expertise of private enterprise is utilized for maintenance, management and operation of public facilities.

### Expanding Added Value in Our Provision of Health Information Inside and Outside Facilities

Konami continues to incorporate information technology into health management to enable customers to check their exercise history and other data in order to track their health improvement anytime, anywhere. By offering e-XAX, Konami's original IT management system and renewing our *Konami Sports Club* mobile website in December 2008, we have begun services that enable our customers to record and view their exercise history, diet-related and other physical data even when away from the fitness facility.

This ability to form a network that links "exercise," "diet," and "health data" by incorporating information technology into health management gives us a competitive edge. Moreover, by continuously providing a log of exercise and other data to track health improvement to customers at the sports club, on outings, at home or wherever else they may be, we aim to provide new and expanded added value.



## Future Vision and Growth Strategy by Segment

### Gaming & System Segment

By taking every opportunity to incorporate our technology and expertise accumulated in the entertainment field into the manufacturing of gaming machines and the development of systems, we will provide fresh, groundbreaking gaming machines that enrich the entertainment value of casinos.

#### Market Share Expansion Focused on North America

The Gaming & System Segment has a global marketing platform covering the international casino hubs of North America and Australia, and has acquired gaming licenses in 36 states and provinces in North America, and all Australian states and territories. The North American casino market may contract temporarily due to the sluggish economy triggered by the economic crisis, but it nevertheless remains an international center for casinos where we should continue concentrating most of our efforts. At present, the Gaming & System Segment is carving out a larger share of the North American market by tirelessly launching novel products featuring the outstanding entertainment value that has become Konami's trademark. This move to further expand in North America, the largest casino market, as well as in Australia, the second largest market, is a major step towards becoming a global supplier supported by all casino markets worldwide, including those eyed for future expansion. We will proactively incorporate the technology and expertise that the Konami Group has accumulated in the entertainment field into the manufacture of gaming machines and the development of systems to bring to market fresh, groundbreaking gaming machines that will enrich the entertainment value of casinos.

#### Development of slot machines based on a global platform for operations

Observing the trend of globalization in the casino industry, the Gaming & System Segment has shifted from a regional strategy to a global strategy. Making development bases in North America, Australia, and Japan borderless and building systems for conducting operations globally that cover all employee ranks has invigorated our workforce and enabled the pursuit of earnings as an operating company. Under this platform for operations, Konami has provided groundbreaking video slot machines that offer superior graphics, advanced technology, and entertainment value that the Digital Entertainment Segment has cultivated over the years. These products have won strong praise from members of the casino industry and have become very popular in North America since their launch, with the number of installations growing. By harnessing the synergies derived from our advanced digital entertainment technology, we will further increase Konami's presence in both the video and mechanical slot machine markets. Going forward, we intend to further strengthen collaboration among our operational bases in North America, Australia, and Japan and accelerate the development of a global platform for operations that reliably supply high-quality products and services, putting us on a proactive path to cultivating additional markets.



Advantage 5  
(Gold Frenzy)



Advantage+  
(Lucky Jester)



K2V  
(Pirate's Rose)

### Expansion of sales of the *Konami Casino Management System* and stabilization of earnings through participation agreements

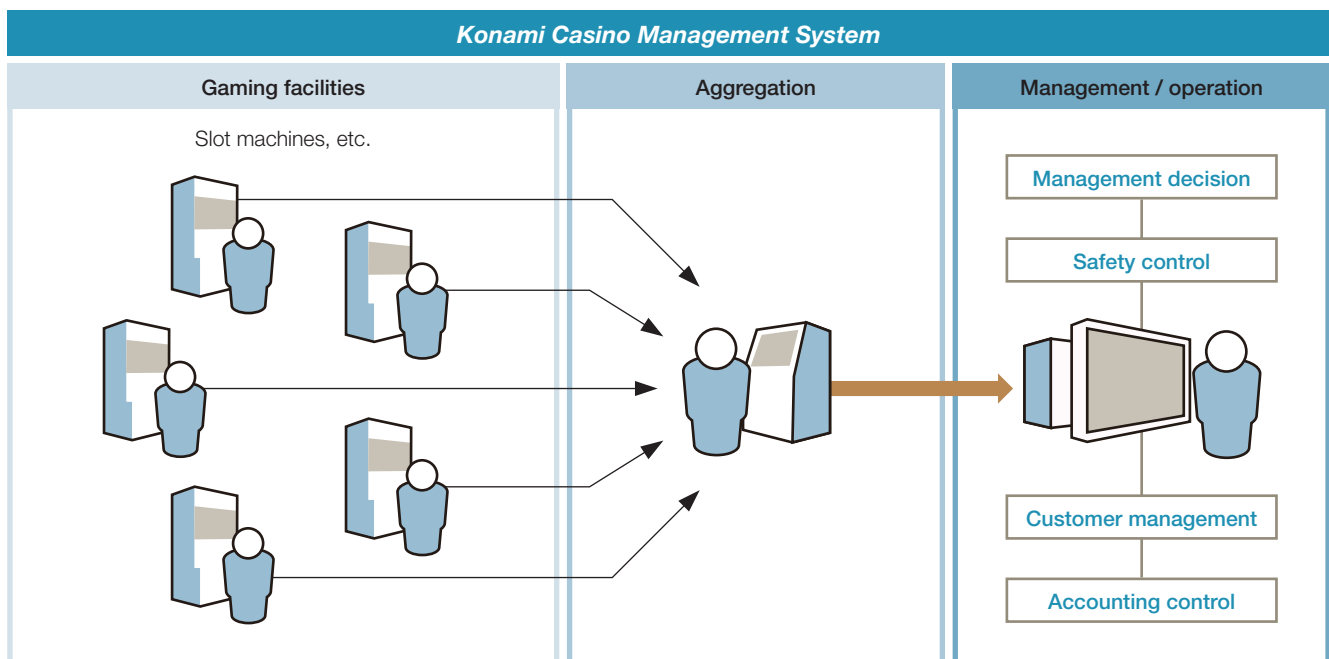
The *Konami Casino Management System* enables real-time management of slot machine information, customer information, and settlements via network connection. The large number of installations concentrated in North America is testimony to the product's convenience and advanced technology. Right from the beginning, we have proactively adopted new technology, and this, together with our efforts to bolster customer relationship management functions, has elevated the system's reputation and visibility. Adding to our track record of installations at major casinos in North America, we have been installing the system in major casinos in Australia since fiscal 2009, with further growth in installation figures expected going forward. Higher installations of *Konami Casino Management System* increase regular revenues from related maintenance services. As another strategy to stabilize revenues, we will conclude more participation agreements\*. Looking forward, Konami will focus on realizing sales and earnings growth by increasing sales of hit products that make revenue sharing with casinos possible.

\* Under the participation agreements, we continuously share revenues from gaming machines with casino operators.

### Expansion into new regions

In the U.S., the world's largest casino market, more states are expected to lift the prohibition on casinos, which raises the prospect of further expansion of the size of the North American market. Meanwhile, in addition to North America and Australia in which we have established a platform for operations, we have also become more active in expanding into casino markets of Central and South America and the Asian region, where future expansion appears likely. In the future, we expect the casino market in Central and South America to become the world's second largest market next to North America. We are therefore engaged in activities aimed at expanding our share in regions outside North America and Australia, including developing a network of sales agents and showing our products in gaming industry shows held in these regions.

Our sights are therefore fixed on Konami's further growth, which we will achieve by increasing our sales regions for gaming machines and the *Konami Casino Management System* at a global level.



## Consolidated Financial Statements (U.S. GAAP)

### Consolidated Balance Sheets

KONAMI CORPORATION and Consolidated Subsidiaries  
As of March 31, 2008 and 2009

<b>ASSETS</b>	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	¥ 52,130	¥ 53,568	\$ 545,332
Trade notes and accounts receivable, net of allowance for doubtful accounts of ¥260 million and ¥470 million (\$4,785 thousand) at March 31, 2008 and March 31, 2009, respectively	33,802	30,624	311,758
Inventories	24,374	23,512	239,357
Deferred income taxes, net	18,275	19,203	195,490
Prepaid expenses and other current assets	11,498	9,768	99,440
Total current assets	140,079	136,675	1,391,377
PROPERTY AND EQUIPMENT, net	66,690	60,552	616,431
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investments in marketable securities	659	560	5,701
Investments in affiliates	6,414	2,119	21,572
Identifiable intangible assets	38,161	35,883	365,296
Goodwill	21,935	21,925	223,201
Lease deposits	28,205	27,959	284,628
Deferred income taxes, net	2,687	3,641	37,066
Other assets	14,418	12,356	125,786
Total investments and other assets	112,479	104,443	1,063,250
<b>TOTAL ASSETS</b>	¥319,248	¥301,670	\$3,071,058

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
<b>CURRENT LIABILITIES:</b>			
Current portion of long-term debt and capital lease obligations	¥ 8,115	¥ 3,627	\$ 36,924
Trade notes and accounts payable	20,410	17,430	177,441
Accrued income taxes	9,523	6,683	68,034
Accrued expenses	21,934	17,738	180,576
Deferred revenue	7,848	7,586	77,227
Other current liabilities	7,283	9,322	94,899
Total current liabilities	75,113	62,386	635,101
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt and capital lease obligations, less current portion	35,613	37,739	384,190
Accrued pension and severance costs	2,699	2,941	29,940
Deferred income taxes, net	11,559	6,564	66,823
Other long-term liabilities	7,181	8,501	86,542
Total long-term liabilities	57,052	55,745	567,495
Total liabilities	132,165	118,131	1,202,596
<b>MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES</b>	4,324	4,907	49,954
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>STOCKHOLDERS' EQUITY:</b>			
Common stock, no par value—	47,399	47,399	482,531
Authorized 450,000,000 shares; issued 143,500,000 shares and 143,500,000 shares at March 31, 2008 and March 31, 2009, respectively; outstanding 137,321,557 shares and 133,461,502 shares at March 31, 2008 and 2009, respectively			
Additional paid-in capital	77,078	77,090	784,791
Legal reserve	284	284	2,891
Retained earnings	73,492	76,947	783,335
Accumulated other comprehensive income	2,579	98	998
Treasury stock, at cost—	(18,073)	(23,186)	(236,038)
6,178,443 shares and 10,038,498 shares at March 31, 2008 and March 31, 2009, respectively			
Total stockholders' equity	182,759	178,632	1,818,508
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	¥319,248	¥301,670	\$3,071,058

# Consolidated Financial Statements (U.S. GAAP)

## Consolidated Statements of Income

KONAMI CORPORATION and Consolidated Subsidiaries  
Years ended March 31, 2008 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
<b>NET REVENUES:</b>			
Product sales revenue	¥218,306	<b>¥227,821</b>	<b>\$2,319,261</b>
Service revenue	79,096	<b>81,950</b>	<b>834,266</b>
Total net revenues	297,402	<b>309,771</b>	<b>3,153,527</b>
<b>COSTS AND EXPENSES:</b>			
Costs of products sold	131,890	<b>133,670</b>	<b>1,360,786</b>
Costs of services rendered	73,298	<b>78,966</b>	<b>803,889</b>
Selling, general and administrative	58,375	<b>58,653</b>	<b>597,098</b>
Business structure improvement expenses	—	<b>11,121</b>	<b>113,214</b>
Total costs and expenses	263,563	<b>282,410</b>	<b>2,874,987</b>
Operating income	33,839	<b>27,361</b>	<b>278,540</b>
<b>OTHER INCOME (EXPENSES):</b>			
Interest income	894	<b>459</b>	<b>4,673</b>
Interest expense	(1,105)	<b>(1,468)</b>	<b>(14,944)</b>
Foreign currency exchange gain (loss), net	(704)	<b>(1,641)</b>	<b>(16,706)</b>
Other, net	(90)	<b>8</b>	<b>81</b>
Other income (expenses), net	(1,005)	<b>(2,642)</b>	<b>(26,896)</b>
<b>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN NET INCOME OF AFFILIATED COMPANIES</b>	32,834	<b>24,719</b>	<b>251,644</b>
<b>INCOME TAXES</b>			
Current	16,305	<b>15,526</b>	<b>158,058</b>
Deferred	(3,225)	<b>(4,811)</b>	<b>(48,977)</b>
Total	13,080	<b>10,715</b>	<b>109,081</b>
<b>INCOME BEFORE MINORITY INTEREST AND EQUITY IN NET INCOME OF AFFILIATED COMPANIES</b>	19,754	<b>14,004</b>	<b>142,563</b>
<b>MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES</b>	1,589	<b>640</b>	<b>6,515</b>
<b>EQUITY IN NET INCOME (LOSS) OF AFFILIATED COMPANIES</b>	180	<b>(2,490)</b>	<b>(25,349)</b>
<b>NET INCOME</b>	¥ 18,345	<b>¥ 10,874</b>	<b>\$110,699</b>
	2008	2009	2009
<b>PER SHARE DATA:</b>			
Basic net income per share	¥133.63	<b>¥79.30</b>	<b>\$0.81</b>
Diluted net income per share	133.57	<b>79.30</b>	<b>0.81</b>
Weighted-average common shares outstanding	137,290,259	<b>137,124,130</b>	
Diluted weighted-average common shares outstanding	137,344,709	<b>137,124,130</b>	

# Consolidated Financial Statements (U.S. GAAP)

## Segment Information

KONAMI CORPORATION and Consolidated Subsidiaries  
Years ended March 31, 2008 and 2009

### Segment information

	Millions of Yen					
	Digital Entertainment	Health & Fitness	Gaming & System	Other, Corporate and Eliminations		Consolidated
<b>Year ended March 31, 2008</b>						
Net revenue:						
Customers	¥ 178,382	¥ 86,196	¥ 18,471	¥ 14,353		¥ 297,402
Intersegment	557	348	—	(905)		—
Total	178,939	86,544	18,471	13,448		297,402
Operating expenses	143,579	81,251	15,677	23,056		263,563
Operating income (loss)	¥ 35,360	¥ 5,293	¥ 2,794	¥ (9,608)		¥ 33,839
<b>Year ended March 31, 2009</b>						
Net revenue:						
Customers	¥ 187,308	¥ 89,702	¥ 18,336	¥ 14,425		¥ 309,771
Intersegment	320	263	—	(583)		—
Total	187,628	89,965	18,336	13,842		309,771
Operating expenses	146,076	98,235	14,889	23,210		282,410
Operating income (loss)	¥ 41,552	¥ (8,270)	¥ 3,447	¥ (9,368)		¥ 27,361

Thousands of U.S. Dollars

### Year ended March 31, 2009

	Thousands of U.S. Dollars					
Net revenue:						
Customers	\$ 1,906,831	\$ 913,183	\$ 186,664	\$ 146,849		\$ 3,153,527
Intersegment	3,258	2,677	—	(5,935)		—
Total	1,910,089	915,860	186,664	140,914		3,153,527
Operating expenses	1,487,081	1,000,051	151,573	236,282		2,874,987
Operating income (loss)	\$ 423,008	\$ (84,191)	\$ 35,091	\$ (95,368)		\$ 278,540

### Geographic information

	Millions of Yen						
	Japan	North America	Europe	Asia/ Oceania	Total	Eliminations	Consolidated
<b>Year ended March 31, 2008</b>							
Net revenue:							
Customers	¥ 220,462	¥ 34,137	¥ 35,589	¥ 7,214	¥ 297,402	¥ —	¥ 297,402
Intersegment	21,147	4,802	44	658	26,651	(26,651)	—
Total	241,609	38,939	35,633	7,872	324,053	(26,651)	297,402
Operating expenses	211,643	37,532	33,810	7,304	290,289	(26,726)	263,563
Operating income (loss)	¥ 29,966	¥ 1,407	¥ 1,823	¥ 568	¥ 33,764	¥ 75	¥ 33,839
<b>Year ended March 31, 2009</b>							
Net revenue:							
Customers	¥ 223,662	¥ 44,051	¥ 37,216	¥ 4,842	¥ 309,771	¥ —	¥ 309,771
Intersegment	24,762	4,266	96	596	29,720	(29,720)	—
Total	248,424	48,317	37,312	5,438	339,491	(29,720)	309,771
Operating expenses	229,411	43,779	33,158	5,784	312,132	(29,722)	282,410
Operating income (loss)	¥ 19,013	¥ 4,538	¥ 4,154	¥ (346)	¥ 27,359	¥ 2	¥ 27,361

Thousands of U.S. Dollars

### Year ended March 31, 2009

	Thousands of U.S. Dollars						
Net revenue:							
Customers	\$ 2,276,922	\$ 448,448	\$ 378,866	\$ 49,291	\$ 3,153,527	\$ —	\$ 3,153,527
Intersegment	252,082	43,429	977	6,067	302,555	(302,555)	—
Total	2,529,004	491,877	379,843	55,358	3,456,082	(302,555)	3,153,527
Operating expenses	2,335,447	445,679	337,555	58,882	3,177,563	(302,576)	2,874,987
Operating income (loss)	\$ 193,557	\$ 46,198	\$ 42,288	\$ (3,524)	\$ 278,519	\$ 21	\$ 278,540

# Consolidated Financial Statements (U.S. GAAP)

## Consolidated Statements of Stockholders' Equity

KONAMI CORPORATION and Consolidated Subsidiaries  
Years ended March 31, 2008 and 2009

Millions of Yen

	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock, at Cost	Total Stockholders' Equity
<b>Balance at March 31, 2007</b>	¥47,399	¥77,213	¥284	¥62,560	¥ 5,617	¥(18,411)	¥174,662
Reissuance of treasury stock		(47)				213	166
Cancellation of treasury stock		(156)				156	—
Stock-based compensation		68					68
Net income				18,345			18,345
Cash dividends, ¥54.0 per share				(7,413)			(7,413)
Foreign currency translation adjustments					(2,907)		(2,907)
Net unrealized losses on available-for-sale securities					(25)		(25)
Pension liability adjustment					(106)		(106)
Purchase of treasury stock						(31)	(31)
<b>Balance at March 31, 2008</b>	¥47,399	¥77,078	¥284	¥73,492	¥ 2,579	¥(18,073)	¥182,759
Reissuance of treasury stock		(0)				463	463
Stock-based compensation		12					12
Net income				10,874			10,874
Cash dividends, ¥54.0 per share				(7,419)			(7,419)
Foreign currency translation adjustments					(2,078)		(2,078)
Net unrealized losses on available-for-sale securities					(59)		(59)
Pension liability adjustment					(344)		(344)
Purchase of treasury stock						(5,576)	(5,576)
<b>Balance at March 31, 2009</b>	¥47,399	¥77,090	¥284	¥76,947	¥ 98	¥(23,186)	¥178,632

Thousands of U.S. Dollars

	Common Stock	Additional Paid-in Capital	Legal Reserve	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock, at Cost	Total Stockholders' Equity
<b>Balance at March 31, 2008</b>	\$482,531	\$784,669	\$2,891	\$748,162	\$ 26,255	\$(183,987)	\$1,860,521
Reissuance of treasury stock		(0)				4,716	4,716
Stock-based compensation		122					122
Net income				110,699			110,699
Cash dividends, \$0.55 per share				(75,526)			(75,526)
Foreign currency translation adjustments					(21,154)		(21,154)
Net unrealized losses on available-for-sale securities					(601)		(601)
Pension liability adjustment					(3,502)		(3,502)
Purchase of treasury stock						(56,767)	(56,767)
<b>Balance at March 31, 2009</b>	\$482,531	\$784,791	\$2,891	\$783,335	\$ 998	\$(236,038)	\$1,818,508

# Consolidated Financial Statements (U.S. GAAP)

## Consolidated Statements of Cash Flows

KONAMI CORPORATION and Consolidated Subsidiaries  
Years ended March 31, 2008 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2008	2009	2009
<b>Cash flows from operating activities:</b>			
Net income	¥ 18,345	¥ 10,874	\$ 110,699
Adjustments to reconcile net income to net cash provided by operating activities—			
Depreciation and amortization	12,069	13,731	139,784
Provision for doubtful receivables	(248)	209	2,128
Business structure improvement expenses	—	11,121	113,214
Gain or loss on sale or disposal of property and equipment, net	382	(337)	(3,431)
Equity in net income (loss) of affiliated company	(180)	2,490	25,349
Minority interest	1,589	640	6,515
Deferred income taxes	(3,225)	(4,811)	(48,977)
Change in assets and liabilities, net of business acquired:			
Decrease (increase) in trade notes and accounts receivable	(7,483)	175	1,781
Decrease (increase) in inventories	(2,117)	(1,424)	(14,497)
Decrease (increase) in other accounts receivables	902	1,111	11,310
Decrease (increase) in prepaid expense	747	(918)	(9,345)
Increase (decrease) in trade notes and accounts payable	(623)	(556)	(5,660)
Increase (decrease) in accrued income taxes, net of tax refunds	6,845	(2,157)	(21,959)
Increase (decrease) in accrued expenses	827	(1,266)	(12,888)
Increase (decrease) in deferred revenue	2,192	(234)	(2,382)
Increase (decrease) in advance received	(427)	(796)	(8,103)
Other, net	1,193	2,279	23,201
Net cash provided by operating activities	30,788	30,131	306,739
<b>Cash flows from investing activities:</b>			
Capital expenditures	(11,995)	(8,531)	(86,847)
Proceeds from sales of property and equipment	8	1,355	13,794
Acquisition of new subsidiaries, net of cash acquired	(367)	—	—
Decrease (increase) in lease deposits, net	(2,627)	1,616	16,451
Other, net	(378)	(155)	(1,578)
Net cash used in investing activities	(15,359)	(5,715)	(58,180)
<b>Cash flows from financing activities:</b>			
Net decrease in short-term borrowings	(1,869)	—	—
Repayments of long-term debt	(2,969)	(592)	(6,027)
Proceeds from issuance of bonds	15,000	—	—
Redemption of bonds	(20,000)	(5,000)	(50,901)
Principal payments under capital lease obligations	(2,596)	(2,886)	(29,380)
Dividends paid	(7,419)	(7,414)	(75,476)
Purchases of treasury stock by parent company	(31)	(5,576)	(56,765)
Other, net	66	464	4,724
Net cash used in financing activities	(19,818)	(21,004)	(213,825)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(814)	(1,974)	(20,095)
<b>Net increase (decrease) in cash and cash equivalents</b>	(5,203)	1,438	14,639
<b>Cash and cash equivalents, beginning of year</b>	57,333	52,130	530,693
<b>Cash and cash equivalents, end of year</b>	¥ 52,130	¥ 53,568	\$ 545,332

# Board of Directors, Corporate Auditors, and Corporate Officers

## Board of Directors and Corporate Auditors, KONAMI CORPORATION

(As of August 1, 2009)

Representative Director	Kagemasa Kozuki	
Representative Director	Noriaki Yamaguchi	
Representative Director	Kimihiko Higashio	
Director	Takuya Kozuki	
Director (External)	Tomokazu Godai	Representative Director and Chairman of the Board, MAYATEC Co., Ltd.
Director (External)	Hiroyuki Mizuno	Director, Hiroshima Prefectural Institute of Industrial Science and Technology (Former Vice President, Matsushita Electric Industrial Co., Ltd.)* * Current Panasonic Corporation
Director (External)	Akira Gemma	Senior Corporate Adviser, Shiseido Co., Ltd. (Former Representative Director and President, Shiseido Co., Ltd.)
Standing Corporate Auditor (External)	Noboru Onuma	(Former Director, Sumitomo Mitsui Banking Corporation)
Corporate Auditor (External)	Tachio Otori	(Former Commissioner of Metropolitan Police Department)
Corporate Auditor (External)	Masaru Mizuno	Senior Advisor, Japan Tobacco Inc. (Former Commissioner, National Tax Agency, Former Representative Director and President, Japan Tobacco Inc.)
Corporate Auditor (External)	Shogo Sasabe	Special Advisor, BANDO CHEMICAL INDUSTRIES, LTD. (Former Representative Director and President, BANDO CHEMICAL INDUSTRIES, LTD.)

## Corporate Officers, KONAMI CORPORATION

(As of June 26, 2009)

President, Corporate Officer	Kagemasa Kozuki
Vice President, Corporate Officer	Noriaki Yamaguchi
Vice President, Corporate Officer	Kimihiko Higashio
Vice President, Corporate Officer	Fumiaki Tanaka
Executive Corporate Officer	Kazumi Kitaue
Executive Corporate Officer	Akihiko Nagata
Corporate Officer	Satoshi Sakamoto
Corporate Officer	Toshimitsu Oishi
Corporate Officer	Mineaki Yoshiba
Corporate Officer	Akira Tamai
Corporate Officer	Tsutomu Watanabe



From left  
Fumiaki Tanaka, Noriaki Yamaguchi, Kimihiko Higashio

# Group Companies

(As of June 30, 2009)

## **Konami Digital Entertainment Co., Ltd.**

Paid-in Capital: ¥26,000 million  
9-7-2, Akasaka, Minato-ku,  
Tokyo 107-8324, Japan  
TEL: 81-3-5771-0573  
FAX: 81-3-5412-3310

## **Konami Sports & Life Co., Ltd.**

Paid-in Capital: ¥13,000 million  
9-7-2, Akasaka, Minato-ku,  
Tokyo 107-8325, Japan  
TEL: 81-3-3746-0573  
FAX: 81-3-5412-3380

## **Konami Real Estate, Inc.**

Paid-in Capital: ¥10,000 million  
9-7-2, Akasaka, Minato-ku,  
Tokyo 107-8326, Japan  
TEL: 81-3-5772-0200  
FAX: 81-3-5412-3400

## **Konami Manufacturing and Service, Inc.**

Paid-in Capital: ¥200 million  
5-1-1 Higashihara, Zama city,  
Kanagawa 228-0004, Japan  
TEL: 81-46-298-0573  
FAX: 81-46-256-3404

## **KPE, Inc.**

Paid-in Capital: ¥1,000 million  
5-1-1 Higashihara, Zama city,  
Kanagawa 228-0004, Japan  
TEL: 81-46-257-0573  
FAX: 81-46-298-1573

## **HUDSON SOFT COMPANY, LIMITED**

Paid-in Capital: ¥5,064 million  
9-7-1, Akasaka, Minato-ku,  
Tokyo 107-6288, Japan  
TEL: 81-3-6439-4622  
FAX: 81-3-6439-4623

## **Combi Wellness Corporation**

Paid-in Capital: ¥285 million  
9-7-2, Akasaka, Minato-ku,  
Tokyo 107-8329, Japan  
TEL: 81-3-5772-0300  
FAX: 81-3-5412-3394

## **Internet Revolution, Inc.**

Paid-in Capital: ¥1,250 million  
9-7-2, Akasaka, Minato-ku,  
Tokyo 107-8342, Japan  
TEL: 81-3-5772-0400  
FAX: 81-3-5412-3405

## **THE CLUB AT YEBISU GARDEN CO., LTD.**

Paid-in Capital: ¥200 million  
1-13-2, Mita, Meguro-ku,  
Tokyo 153-0062, Japan  
TEL: 81-3-5424-1212  
FAX: 81-3-5424-1222

## **Konami Corporation of America**

Paid-in Capital: US\$35.5 million  
2381 Rosecrans Avenue, Suite 200,  
El Segundo, CA 90245-4922 U.S.A.  
TEL: 1-310-220-8100  
FAX: 1-310-220-8200

## **Konami Digital Entertainment, Inc.**

Paid-in Capital: US\$23.87 million  
2381 Rosecrans Avenue, Suite 200,  
El Segundo, CA 90245-4922 U.S.A.  
TEL: 1-310-220-8100  
FAX: 1-310-220-8200

## **Konami Gaming, Inc.**

Paid-in Capital: US\$25 million  
585 Trade Center Drive, Las Vegas,  
NV 89119 U.S.A.  
TEL: 1-702-317-0573  
FAX: 1-702-367-0007

## **Konami Digital Entertainment B.V.**

Paid-in Capital: Euro 9.01 million  
389 Chiswick High Road,  
London, W4 4AL UK  
TEL: 44-20-8987-5733  
FAX: 44-20-8987-5734

## **Konami Digital Entertainment GmbH**

Paid-in Capital: Euro 5.11 million  
Berner Str. 103-105,  
60437 Frankfurt am Main, Germany  
TEL: 49-69-985573-0  
FAX: 49-69-985573-77

## **Konami Digital Entertainment Limited**

Paid-in Capital: HK\$19.5 million  
Room Nos. 611B, 612 & 613, 6/F, Tsim  
Sha Tsui Centre, 66 Mody Road,  
Kowloon, Hong Kong  
TEL: 852-2956-0573  
FAX: 852-2956-2300

## **Konami Software Shanghai, Inc.**

Paid-in Capital: US\$2 million  
9F, Shanghai Westgate Mall,  
No. 1038 Nanjing Road (W),  
Shanghai 200041, P.R. China  
TEL: 86-21-6267-0573  
FAX: 86-21-6271-1002

## **Konami Digital Entertainment Co.**

Paid-in Capital: KRW300 million  
6F. Daedong Bldg. 587-21, Shinsa-Dong,  
Gangnam-Gu, Seoul, Korea  
TEL: 82-2-3785-0573  
FAX: 82-2-3442-0591

## **Konami Australia Pty Ltd**

Paid-in Capital: AU\$30 million  
28 Lord Street, Botany, NSW,  
Australia 2019  
TEL: 61-2-9666-5731  
FAX: 61-2-9700-0311

# Konami Milestones

Mar.	1969	Kagemasa Kozuki (current Chairman of the Board and Chief Executive Officer) founded a jukebox rental and repair business in Toyonaka, Osaka.
Mar.	1973	KONAMI INDUSTRY CO., LTD. (KONAMI) was established at 3-124-1 Meishinguchi, Toyonaka, Osaka. KONAMI began to manufacture amusement machines for arcades.
Jan.	1978	KONAMI created and began to market video games using microcomputers.
Jan.	1979	KONAMI exported products to the U.S. for the first time (marked the first step towards expansion into the U.S.).
May	1980	Headquarters was transferred to the newly constructed office building at 2-11-1 Shonai-Sakaemachi, Toyonaka, Osaka.
Mar.	1981	The KONAMI logo was established.
Mar.	1982	KONAMI entered the toy game business.
		KONAMI received an investment from Osaka Small and Medium Business Investment & Consultation Co., Ltd. and increased its capital to 120 million yen.
		Headquarters was transferred to Osaka Ekimae Daiyon Building at 1-11-4 Umeda, Kita-ku, Osaka.
Jun.	1982	President Kagemasa Kozuki contributed his own Konami shares to establish the Kozuki Foundation for Higher Education (approved by Hyogo Prefecture) to which he was inaugurated as the Executive Director (began social contribution activities).
Oct.	1982	KONAMI entered the PC game business.
Nov.	1982	Konami of America, Inc. (currently Konami Digital Entertainment, Inc.) was established in the U.S.
Dec.	1983	KONAMI entered the MSX game business.
Mar.	1984	Construction was completed on the new building for the Technology Development Center in Toyonaka, Osaka.
May	1984	Konami Ltd. (currently Konami Digital Entertainment B.V.) was established in the U.K.
Oct.	1984	KONAMI was listed on the Second Section of the Osaka Securities Exchange (specially designated stocks in the second section) and increased capital to 2.94 billion yen.
Dec.	1984	Konami GmbH (currently Konami Digital Entertainment GmbH) was established in Germany.
Apr.	1985	KONAMI entered the Nintendo ENTERTAINMENT SYSTEM (called "FAMILY COMPUTER" in Japan) game business. CI was introduced on the occasion of its 17th year in business. KONAMI's logo went through a transformation.
Aug.	1986	Headquarters was transferred to the newly constructed Konami Software Development Building at 7-3-2 Minatojima-Nakamachi, Chuo-ku, Kobe, Hyogo.
Oct.	1986	Construction was completed on the new building for the production control department and distribution center in Toyonaka, Osaka.
Dec.	1987	Konami Kosan Co., Ltd. (currently Konami Real Estate, Inc.) was established.
Feb.	1988	KONAMI was listed on the Second Section of the Tokyo Stock Exchange.
Aug.	1988	KONAMI was listed on the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange.
May	1991	Construction was completed on the Konami Technology Development Center (currently Kobe Office) in Nishi-ku, Kobe, Hyogo.
Jun.	1991	KONAMI INDUSTRY CO., LTD. changed its trade name to KONAMI CO., LTD.
Nov.	1991	KONAMI entered the PC Engine game business.
Jun.	1992	The Tokyo Headquarters was set up at 4-3-1 Toranomon, Minato-ku, Tokyo.
Dec.	1992	KONAMI entered the MEGADRIVE (called "GENESIS" in North America) game business.
Aug.	1994	Construction was completed on the Tokyo Technical Center (currently Kanagawa Office) in Zama, Kanagawa.
Sep.	1994	Konami (Hong Kong) Limited (currently Konami Digital Entertainment Limited) was established in Hong Kong.
Dec.	1994	KONAMI entered the PlayStation game business.
Jan.	1995	The Kobe Building in Minatojima, Chuo-ku, Kobe, received some damage due to the Great Hanshin-Awaji Earthquake.
Nov.	1996	U.S. holding company, Konami Corporation of America was established in the U.S. Konami Australia Pty Ltd was established in Australia.
Jan.	1997	Konami Gaming, Inc. was established in the U.S.
Mar.	1997	Construction was completed on the Amusement Machine Division Plant (merged with current Kobe Office) in Kobe, Hyogo.
Oct.	1997	KONAMI entered a gaming machines market in Australia.
Nov.	1997	KONAMI was listed on the Singapore Exchange.
		European holding company, Konami Europe B.V. (currently Konami Digital Entertainment B.V.) was established in the Netherlands.

Feb.	1999	KONAMI entered the card game business and released the <i>Yu-Gi-Oh! Trading Card Game</i> .
Jun.	1999	KONAMI began to create, manufacture, and market LCD games for pachinko manufacturers.
Sep.	1999	KONAMI was listed on the London Stock Exchange.
Dec.	1999	The registered office of KONAMI was transferred to "4-3-1 Toranomom, Minato-ku, Tokyo," from "Kobe, Hyogo."
Jan.	2000	KONAMI became the first Japanese company to enter the world's largest gaming machines market in the U.S.
Mar.	2000	The Kozuki Foundation for Higher Education established the Kozuki Foundation for Advanced Information Technology (approved by the Ministry of Education, Culture, Sports, Science and Technology) to which Kagemasa Kozuki was inaugurated as Executive Director (the social contribution activities were expanded on a nationwide scale).
Jun.	2000	Konami Software Shanghai, Inc. was established in China.
Jul.	2000	The corporate name was changed from KONAMI CO., LTD. to KONAMI CORPORATION.
Nov.	2000	KONAMI announced a new type of financial product called "Game Fund Tokimeki Memorial."
Feb.	2001	PEOPLE CO., LTD. became a subsidiary through a friendly TOB (Take Over Bid) (currently Konami Sports & Life Co., Ltd.) and KONAMI entered the Health & Fitness business.
Aug.	2001	KONAMI invested in HUDSON SOFT CO., LTD. and made it an affiliated company.
Sep.	2001	KONAMI donated the Konami Multimedia Hall to Osaka Electro-Communication University (Neyagawa, Osaka).
Feb.	2002	KONAMI entered the Xbox game business.
Mar.	2002	KONAMI launched e-AMUSEMENT (online service for arcade machines).
Apr.	2002	The names of Konami sports facilities were changed to Konami Sports Club.
Aug.	2002	Headquarters was transferred to 2-4-1 Marunouchi, Chiyoda-ku, Tokyo.
Sep.	2002	KONAMI was listed on the New York Stock Exchange.
Mar.	2003	Kozuki Foundation for Education established Kozuki Foundation for Sports and Athletes (approved by the Ministry of Education, Culture, Sports, Science and Technology) to which Kagemasa Kozuki was inaugurated as Executive Director (supported athletes and expanded social contribution activities focused on the promotion of sports).
Apr.	2003	KONAMI introduced a new logo on the occasion of the 30th anniversary since the establishment of the company. The newly developed EZ training machine series was installed at Konami Sports Clubs nationwide.
Oct.	2003	KONAMI was added to the Nikkei Stock Average (Nikkei 225).
Sep.	2004	AEDs (Automated External Defibrillator) were installed at every Konami Sports Club.
Mar.	2005	Kozuki Foundation for Education, Kozuki Foundation for Advanced Information Technology and Kozuki Foundation for Sports were merged under Kozuki Foundation for Sports and Education (approved by the Ministry of Education, Culture, Sports, Science and Technology).
Apr.	2005	KONAMI accepted new third-party shares issued by HUDSON SOFT CO., LTD. and made it a consolidated subsidiary.
Jun.	2005	Construction was completed on the new offices and production facility for casino machines in Las Vegas, Nevada, U.S.A.
Jul.	2005	Konami Sports Club received authorization by the Japanese Olympic Committee to become Japan's first "JOC Athlete Support Center."
Oct.	2005	Konami Logistics and Service, Inc. (currently Konami Manufacturing and Service, Inc.) was established.
Feb.	2006	Internet Revolution, Inc. was established as a joint venture company with Internet Initiative Japan Inc.
Mar.	2006	KONAMI acquired capital in Resort Solution Co., Ltd. (equity method affiliate) and business alliance. Konami Digital Entertainment Co., Ltd. was newly established to take over KONAMI's digital entertainment business and KONAMI shifted to a holding company.
May	2006	KONAMI acquired entire stake in Combi Wellness Corporation and made it a subsidiary.
Aug.	2006	KONAMI entered the pachinko slot machines market.
Apr.	2007	Headquarters was transferred to Midtown East, 9-7-2, Akasaka, Minato-ku, Tokyo. The offices of Konami group in Tokyo moved together to "Tokyo Midtown."
Aug.	2008	Two swimmers from the KONAMI Swimming Team and a gymnast from the KONAMI Gymnastics Team participated in the Beijing 2008 Olympic Games for Japan's national squad, winning medals and placing highly.
Sep.	2008	KONAMI entered into a licensing agreement with the Union of European Football Associations (UEFA) to produce and sell football (soccer) games.
Dec.	2008	KONAMI entered into the video game content distribution business for the iPhone and iPod touch.

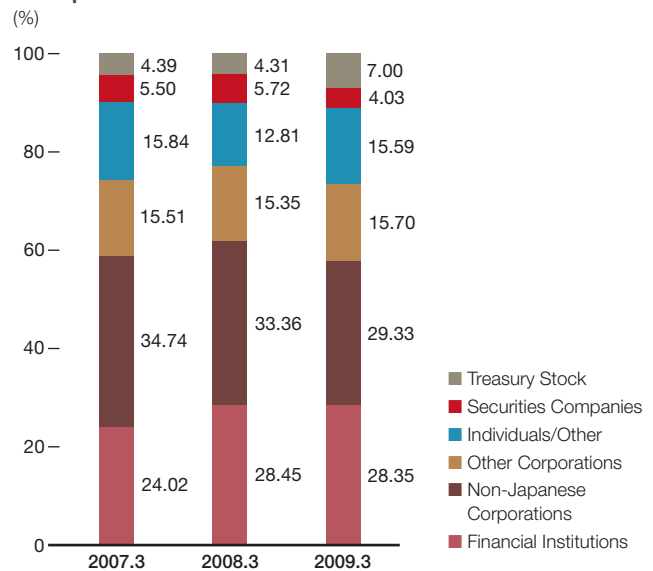
# Investor Information

(As of March 31, 2009)

## Common Stock

Authorized: 450,000,000 shares  
 Outstanding: 143,500,000 shares  
 (including 10,038,498 treasury shares)  
 Number of  
 Shareholders: 53,786

## Composition of Shareholders



## Principal Shareholders

Shareholder's Name	Shares (Thousands)	% of Total
Kozuki Foundation For Sports and Education	14,700	10.24
Kozuki Holding B.V.	13,530	9.43
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,535	8.04
Japan Trustee Services Bank, Ltd. (Trust Account)	10,465	7.29
KONAMI CORPORATION	10,038	7.00
Kozuki Capital Corporation	7,036	4.90
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	4,400	3.07
Sumitomo Mitsui Banking Corporation	4,135	2.88
JPMorgan Securities Japan Co., Ltd.	2,989	2.08
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,599	1.81
Goldman Sachs and Company Regular Account	1,702	1.19
BNP PARIBAS Securities (Japan) Ltd.	1,678	1.17
KONAMI SHAIN MOCHIKABUKAI	1,370	0.95
NikkoCiti Trust and Banking Corporation (Investment Trust Account)	1,296	0.90
STATE STREET BANK AND TRUST COMPANY 505225	1,015	0.71
Mitsubishi UFJ Securities Co., Ltd.	919	0.64
KONAMI EISHINKAI	862	0.60
CREDIT SUISSE SECURITIES (USA) LLC – SPCL. FOR EXCL. BENE	792	0.55
INVESTORS BANK AND TRUST COMPANY (WEST)—TREATY	782	0.55
INVESTORS BANK AND TRUST COMPANY (WEST)—PENSION FUND CLIENTS	726	0.51

# Corporate Data

Company Name	KONAMI CORPORATION
Founded	March 21, 1969
Incorporated	March 19, 1973
Paid-in Capital	¥47,399 million (As of March 31, 2009)
President and Representative Director	Kagemasa Kozuki
Headquarters	9-7-2, Akasaka, Minato-ku, Tokyo 107-8323, Japan TEL: 81-3-5770-0573 FAX: 81-3-5412-3300
Employees	Consolidated: 5,632 (As of March 31, 2009)
Principal Businesses	<p><b>■ Digital Entertainment Segment</b> Planning, production, manufacture, and sale of digital content for computer and video games, amusement arcade machines, card games, online games, and related products</p>
	<p><b>■ Health &amp; Fitness Segment</b> Operation of fitness clubs Planning, manufacture, and sale of fitness machines and health-related products</p>
	<p><b>■ Gaming &amp; System Segment</b> Development, manufacture, sale, and service of gaming machines for casinos and casino management systems</p>
Home Page	URL: <a href="http://www.konami.co.jp/en">www.konami.co.jp/en</a>

**KONAMI**